

ment, partakes of a governmental nature, just as one so formed by the United States; and as the one can not be taxed by the Federal Government, so the other can not be taxed by the State.

It is also true—and this I put as a sixth proposition—that a United States corporation may be taxed by a State although created as a part of the governmental machinery of the United States, provided that the consent of the United States is given thereto. As an illustration of that, I cite the national banks.

Mr. President, an impression has got out in some portions of the Chamber that it is taxing property twice if a corporation holds stock in another corporation and if both corporations are taxed with respect to the holding of such property. This is a complete confusion of thoughts; it is the melting of two ideas into one, losing sight of the identical relation which each has toward business and toward the public.

In the case of a corporation whose bonds and stocks are held by another their relation is fixed by the person or corporation to whom they belong. The bonds of a corporation do not belong to itself. They belong to and are the property of some other person or corporation. If a holding corporation owns bonds or stocks it does not by this proportion pay any tax on them at all as bonds or stocks. They are simply used as a yardstick by which the measure of the excise, which is in the nature of a license tax, shall fix the number of dollars for that license or that privilege. That is all. It is a very simple proposition and it is incapable of confusion unless a man is negligent in observation or has a motive to confuse and wants to tangle things up in order to obfuscate other people.

Now, Mr. President, I am going to read a few decisions on this question. I will refer again to a Connecticut case, which has been a leading one. That was the case of the Society for Savings *v. Coite*. It went to the Supreme Court, and is reported in Sixth Wallace, page 594.

There was a striking instance of the power of a sovereign to take an excise tax out of a state corporation and to measure the tax by the United States bonds which were exempt from taxation which that corporation held. The legislature of Connecticut in this case had enacted a law that the savings banks should make an annual return to the comptroller of public accounts of the total amount of deposits. It appears that some \$500,000,000 were invested in the securities of the United States. It was contended in that case before the Supreme Court, just as it is contended here after this long lapse of time, that these securities were exempted from taxation, and that, therefore, the State of Connecticut could not levy this franchise tax on the deposits of the banks, in so far as those deposits had been transformed by law into the form of United States tax-exempted securities. So the question was presented to the Supreme Court of the United States for judicial determination in the sharpest form in which it could arise; and Judge Clifford, a Maine man, eminent in his profession, and of great renown as an able judge, gave the opinion. Here is what he says:

Power to tax is granted for the benefit of all, and none have any right to complain if the power is fairly exercised and the proceeds are properly applied to discharge the obligations for which the taxes were imposed. Such a power resides in government as a part of itself and need not be reserved when property of any description or the right to use it in any manner is granted to individuals or corporate bodies.

Corporate franchises are legal estates vested in the corporation itself as soon as it is in esse. They are not mere naked powers granted to the corporation, but powers coupled with an interest which vest in the corporation upon the possession of its franchises, and, whatever may be thought of the corporations, it can not be denied that the corporation itself has a legal interest in such franchises.

Nothing can be more certain in legal decision than that the privileges and franchises of a private corporation and all trades and avocations by which the citizens acquire a livelihood may be taxed by a State for the support of the state government. Authority to that effect resides in the State independent of the Federal Government, and is wholly unaffected by the fact that the corporation or individual has or has not made investment in federal securities.

Private corporations engaged in their own business and pursuing their own interests according to their own will are as much subject to the taxing power of the State as individuals, and it can not make any difference whether the tax is imposed upon their property, unless exempted by some paramount law or the franchise of the corporation, as both are alike under the protection and within the control of the sovereign power.

I should also like to cite, although I do not care to read it at length—I wish to abbreviate as much as I can—the case of *Coite v. Society for Savings*, reported in Thirty-second Connecticut, page 173. These are doubtless cases with which our distinguished friend from Connecticut is thoroughly familiar. They come from his State, and they were among the forerunning cases that laid down the fundamentals of the law on this subject.

Another case that I will cite is from Massachusetts—the case of *Provident Institution v. Massachusetts* (6 Wall., p. 611). In that case the *Coite* cases were approved by the supreme judicial court of Massachusetts. In this particular case it appeared that the institutions for savings which were before the court were required by statute to pay to the treasurer of

the Commonwealth of Massachusetts “a tax on account of its depositors of one-half of 1 per cent per annum on the amount of its deposits.” With this statute, to which I have referred, in existence, the Provident Institution for Savings, a corporation without property except its deposits and the property in which its deposits were invested, and empowered under the general law of the State to receive money on deposit for the use and benefit of the depositors and to invest its securities in the securities of the United States, had as its average amount of its deposits for the six months preceding the 1st day of May, 1865, \$8,047,652.10. Of that amount, \$1,327,000 was invested in the public funds of the United States, exempt from taxation by any State. It paid all the taxes assessed against it except on that part which was made up of exempted United States securities, namely, \$1,327,000. The Commonwealth of Massachusetts sued for the tax to collect the balance claimed to be due on the exempted United States bonds. The supreme judicial court of the State, considering that the tax was one on the franchise and not on property, adjudged the tax lawful and gave judgment for the Commonwealth of Massachusetts.

This case went up to the Supreme Court of the United States, in Sixth Wallace, as I have already stated; and Judge Clifford, in an illuminating opinion, restated the principles I have already announced.

In the Bank Tax case (2 Wall., 200), 1864, a New York tax came under scrutiny with reference to such principles as I have already announced. Judge Clifford there again gave the opinion and reiterated the views I have heretofore set forth.

Mr. President, I could multiply these cases indefinitely, but the case of *Spreckels* (192 U. S.) has shown that the Supreme Court is to-day treading in the middle of the road, just as it has done for over forty years. There is no novelty and no dubiety about this, and there is no sort of strangeness in these decisions. Let me put a case to the Senators who have questioned the principles here involved.

Suppose a man comes to town and gets out a license to buy and sell real estate. It is a vocation in many States, and in many of them a very large and far-ranging business. He may deal in nothing but real estate. The State may tax him with respect to all the estate that he deals in, or makes it the base of the measure of the percentage that it levies on his vocation, and so forth. The State or the Federal Government may fix its excise tax in any rational way that it thinks proper; and the fact that real estate is at the bottom of it, provided that real estate is held only as part of a business vocation, has nothing whatsoever to do with the matter any more than the exempted bonds of the United States had to do with the various questions of exemption, and trying to get out of and from under the tax which I have stated.

The VICE-PRESIDENT. The Senator from Virginia will permit an interruption. The hour of 7 o'clock having arrived, the Senate stands adjourned until to-morrow, Thursday, July 8, 1909, at 10 o'clock a. m.

SENATE

THURSDAY, July 8, 1909.

The Senate met at 10 o'clock a. m.

Prayer by the Chaplain, Rev. Ulysses G. B. Pierce, D. D.

The Journal of yesterday's proceedings was read and approved.

PETITIONS AND MEMORIALS.

Mr. JOHNSTON of Alabama. I present a petition of Winona Council, No. 3, Junior Order of United American Mechanics, of Decatur, Ala., stating that our immigration laws are inadequate for the protection of the country from undesirable immigrants. I ask that the petition be printed in the RECORD and referred to the Committee on Immigration.

There being no objection, the petition was referred to the Committee on Immigration and ordered to be printed in the RECORD, as follows:

HALL OF WINONA COUNCIL, No. 3,
Decatur, Ala., June 25, 1909.

To the honorable the Senate and the House of Representatives
of the United States of America in Congress assembled:

Your memorialist, Winona Council, No. 3, Junior Order United American Mechanics, of Decatur, Ala., would respectfully submit to your honorable body that our immigration laws are inadequate for the protection of our country from the undesirable immigration from southern Europe and kindred nations and should be so amended to throw a greater restriction around our ports of entry so as to prohibit the landing upon our shores of all undesirable persons who come here to labor in competition with our American workmen.

Our present immigration laws are unsatisfactory. We should absolutely prohibit the coming here not only persons who are known to be believers in anarchistic principles or members of anarchist societies, but also all persons who are of a low tendency or unsavory reputation. This means that we should require a more thorough system of inspection.

tion abroad and a more rigid system of examination at our immigration ports, the former being especially necessary.

The object of a proper immigration law should be to secure by a careful and not merely perfunctory educational test some intelligent capacity to appreciate American institutions and act sanely as American citizens.

Not only must the American workmen's products be protected by the tariff, but the American labor needs protection from the competition of foreign laborers who come here under contract or those who come freely yet represent a standard of living so depressed that they can undersell our men in the labor market and drag them to a lower level.

No person should be allowed to land upon our shores who could not furnish the proper proof of personal capacity to earn an American living and enough to insure a decent start under American conditions.

Many come here with no other desire than to accumulate all the wealth they can for the purpose of returning with it to their native country, and to accomplish this they live in holes and hovels and subsist on what an American could not long endure.

The American workman has a family to support and children to educate in accordance with American standard and customs. The foreigner has not. We believe it is wrong to compel the American workmen, whose wages contribute so much to the good of our country, both materially and morally, to compete with foreigners, who absorb all and give nothing in return.

The strength of this country lies in the intelligence of its citizenship. The American people have for many years undertaken, at an annual expense of millions of dollars, to see that every child in America receives some preparation in our public schools for the duty of a citizen, and we insist that every person of foreign birth more than 10 years of age who desire to share the advantages of our country ought to be required before they come here to make so much preparation for American citizenship as is involved in learning to read and write in their own language.

We are unconditionally in favor of protecting all American products from competition with foreign products and keeping the American market for American products, and we are equally as pronounced in our demands for the employment of American labor in preference to foreign, and to this end we demand an immigration law that will protect American workmen from the competition of foreign workmen.

Finally, the truth is, under our present immigration law we admit a class of people to our shores who hate our form of government, despise our society, abhor our religion, disdain our family relations, and abominate our civilization, and would gladly overthrow and destroy all the blessings enjoyed by the American people. We therefore demand a rigid law to keep such a class from our country.

Respectfully submitted.

T. W. SPAIN,
S. W. FOISTER,
H. L. KIRBY,
Committee.

Attest:

FRANK J. DAVIS, *Councillor*.
[SEAL.] J. E. MOODY, *Secretary*.

Mr. DOLLIVER presented memorials of sundry citizens of Des Moines and Waterloo, in the State of Iowa, indorsing the action of the United States Senate in protecting the lemon industry of the United States, which were ordered to lie on the table.

PROPOSED FINANCIAL LEGISLATION.

Mr. STONE. Mr. President, some days ago it was stated on the floor of the Senate that early in December at the regular session some financial measure would be reported, and I saw the same statement, in substance, in the press, credited to the chairman of the Finance Committee.

I have a document in my hand covering four pages, I believe, of typewritten matter, prepared by Mr. H. E. Trader, a banker of Missouri, relating to the subject of our finances, which has attracted some attention here and elsewhere. I ask that it may be printed in the RECORD without reading.

There being no objection, the paper was ordered to be printed in the RECORD, as follows:

PLAN FOR A SOUND, UNIFORM, AND ELASTIC CURRENCY.

[By H. E. Trader, New Cambria, Mo.]

1. Let there be provided a board of about 15 directors (one from every three States), to be in charge of the United States Treasury. Let the Secretary of the Treasury and those under him report to this board.

2. Maintain a gold reserve in the United States Treasury of not less than 25 per cent of the paper currency in circulation, and as much more as possible. Provide a means of attracting gold to the Treasury at all times, by free transportation or otherwise, so that it will always be there when needed.

3. Let the Treasury, under direction of this board, issue only one kind of currency, to be known as "United States currency," redeemable in gold. This currency to be legal tender and lawful reserve for banks.

4. Redeem all present gold certificates, silver certificates, United States notes, and Treasury notes with "United States currency."

5. Require all national-bank notes to be retired.

6. If gold be deposited with the Treasury, issue to the depositor "United States currency" in exchange therefor. If he does not wish to take "United States currency," coin his gold and return it to him.

7. In the crop-moving season, or in case of panic, or if necessary on account of retiring all national-bank notes, let the Treasury, by authority of its directors, issue and loan "United States currency" in sums of not less than \$100,000 upon United States, state, or municipal bonds upon safe margins. The rate of interest to be such as the gold reserve and conditions at the time may warrant—the factors which fix interest rates the world over—in no case less than 3 per cent per annum.

8. The Treasury directors to call in such loans when the need for them has passed.

9. The Treasury should not receive deposits, except gold, as above provided.

This plan has no relation to the greenback theory. It contemplates a strong gold reserve, the larger the better; the greenbackers claimed no reserve was necessary.

This plan would be identically the same in operation as would be a "central bank of issue," in a strict sense of the term, but it would be carried out by the United States in the name of the United States, and would not be subject to the existing prejudice against a central bank. Arguments in favor of the foregoing suggestions follow, numbered as above.

TREASURY BOARD OF DIRECTORS.

1. No criticism can be made of any Secretary of the Treasury in recent years. Each has filled the position as well as it could be filled by one man. No more could be expected. But it must be admitted that fifteen heads are better than one. What would we think of putting one man in absolute control of one of the large New York banks without a board of directors? The United States is many times greater than all of the New York banks put together, yet one man is practically in absolute control of its financial affairs.

The argument is often made that we must separate the currency from the Government in order that it may not be affected by politics. Issuing the currency is clearly a government function of the highest order. If we have become afraid to govern ourselves, we should let the contract to Mr. Diaz. The currency must be regulated by men, whether they be employed by the Government or the banks; and it would be no more trouble to get good men for Treasury directors than it is to get good men for President, Vice-President, and other high positions of public trust. By having one director from each three States every section of the country would be fairly represented, and directors so chosen would know the conditions and needs of their respective districts. Being employed by the Government, they would have no personal interest in either expanding or contracting the currency. The same sense of duty which holds other public officers responsible for their acts would hold Treasury directors responsible for their acts.

UNITED STATES TREASURY THE PLACE FOR OUR GOLD.

2. If banks can get along with a 12 per cent cash reserve, surely the United States Government can redeem its notes on demand with a gold reserve in its Treasury of not less than 25 per cent. The United States Treasury is the proper place for all of our gold. By having it there our volume of currency could be safely increased, as suggested, enough to meet any crisis. In fact, there would be no crisis if it was there. An ounce of prevention is worth a pound of cure.

A paper dollar in circulation will go just as far as a gold dollar, but put the gold dollar in the Treasury and three or four paper dollars can safely be drawn against it. Germany will permit the Reichbank to issue 3 to 1.

By paying the carriage charges on gold sent in for exchange for "United States currency," gold should be attracted to the Treasury. If it was not, other means could be devised to attract it.

ISSUE OF UNITED STATES CURRENCY—REDEMPTION OF GOLD AND SILVER CERTIFICATES AND UNITED STATES AND TREASURY NOTES.

3 and 4. Instead of having five kinds of currency and one of them issuing from 6,000 different sources, why not have one, and that a good one? We have only one metal standard. Back of our gold certificates is a gold reserve of 100 per cent. Back of all other forms of currency there is a gold reserve in the United States Treasury of only about 11 per cent. Let us do away with such an unequal system, issue one form of currency, and put the same gold reserve back of all of it. If with an 11 per cent gold reserve the Government can keep two-thirds of the currency at par, then surely with a 25 per cent to 40 per cent reserve it can maintain all of the currency at par. Its liability would be no greater than at present, except to the extent its note issue might be temporarily increased.

On October 1, 1907, the total paper circulation was \$2,034,153,382, to maintain the parity of which the United States Treasury held \$921,913,121 in gold, or 45 per cent if equalized. Under this plan the Government could increase its paper circulation three hundred millions against the same amount of gold, and still have a gold reserve of 39½ per cent, 6 per cent higher than Germany's minimum. Such an increase in the volume of legal-tender money, put in circulation as suggested, would without doubt stop a worse panic than any we have ever had. Had the Treasury been able to do this on October 25, 1907, there would have been no panic. And when the crisis had passed the Treasury would call in such increase, so we would not suffer the ills of an inflated currency. And what is better, the Government would profit by the transaction instead of losing, as at present.

If the United States issued the currency direct, every citizen would be equivalent to being the holder of one share of stock. Every day the papers would announce the percentage of gold reserve in the Treasury. The people would soon learn that the less they hoarded the higher that percentage would be, and the higher the percentage the better the credit and condition of the country; and the responsibility and patriotism which takes men to war would prevent them from hoarding.

Everybody would have confidence in Uncle Sam's ability to redeem his notes in gold on demand. Even the strongest advocate of asset currency could not deny confidence in the plan. If the people did not have confidence in Uncle Sam's currency, where would the country have gone to in 1907?

5. The talk of giving national banks power to make further issues of currency is absurd. It smacks of favoritism. Besides, they have had forty-four years in which to prove their ability to issue money as needed, and having proven unequal to the task, have made necessary the existence of the National Monetary Commission. We hear more or less from bankers about keeping the Government out of the banking business, but we hear nothing about keeping the banks out of the government business.

The Government must and does coin all of the metal money, so why should it not issue the paper money? The profits arising therefrom should go to all of the people, and a more equitable plan for raising part of the government revenue could not be found. It would be just as reasonable for banks to coin gold and silver as it is for them to issue notes to use in its place. National banks should be satisfied with the same sources of profits as state banks, and not want to usurp and convert the money-making power into a money-making scheme, emptying into their coffers. Not all national bankers want such favors.

Our asset-currency friends seem to overlook the fact that a bank note is a bank liability. Matter not how good bank notes are made, they are not and can not be made legal tender or counted in bank reserves. We must still have so much real money. As there is not enough gold for circulation, my idea is to provide something to fill out with that we can call money, and, while we are at it, provide enough for every purpose, so that bank notes will not be needed. Would it be right to provide the best kind of money known for banks to hold in

their vaults as reserve and then allow the banks to deal out another inferior kind to the people for their use? Would the people stand for it? The holder of a bank note is entitled to have legal tender for it on demand. When people become panic-stricken and demand legal tender for their asset bank notes as well as their deposits, the banks would want more real money and less asset currency. So what good would asset or credit currency be when the banks could not use it at the very time they needed currency the worst. Do bankers want such a currency?

The Suffolk system of New England is held up by credit-currency enthusiasts as being the ideal currency system. Suppose that some of the Suffolk notes should wander out here to Missouri. Is it reasonable to think that we would receive them at par when we considered the cost of collection, the risk of handling, and the use of our money? Do we want a system under which the currency of one section will be at a discount in every other section? Do we want a currency which we must keep continually "shoving" in order to see if it is good? If it is made perfectly secure so it does not have to be "shoved," then the much-talked-of gravity-redemption feature is lost. Therefore the only system certain of elasticity is for the Treasury to issue its own gold notes when more currency is needed, calling them in when the need for them has passed.

UNITED STATES CURRENCY IN EXCHANGE FOR GOLD.

6. If a gold miner would not take United States currency in exchange for his bullion, then coin and return it to him at his expense, instead of giving him gold certificates against which a 100 per cent gold reserve must be held. If a bank issues its certificates of deposit in exchange for a deposit of actual money, it does not lay aside all of the money and hold it to protect that certificate of deposit. The certificate is added to the bank's deposits and the money is added to the bank's reserve. Why not conduct the Treasury in a practical banking business way?

LOANING UNITED STATES CURRENCY.

7. Instead of loaning money on call at $1\frac{1}{2}$ per cent, the New York banks could invest their surplus reserves in municipal and state bonds earning $3\frac{1}{2}$ per cent. If necessary, when it came time to move the crops the bonds could be sent over to the subtreasury and by authority of the Treasury board 75 per cent to 80 per cent of their market value borrowed upon them in United States currency—reserve money. When the crops had been moved, the banks would pay back the currency and take back their bonds. If they did not, the Treasury board would make them do it. Incidentally this arrangement would curb speculation in New York more than anything else.

If it was necessary for the national banks to get any currency to take the place of their notes as they were retired, they would already have the United States bonds. Let the Treasury loan them "United States currency," not exceeding 90 per cent of the market value of the bonds.

In the event of panic the Treasury directors could issue and loan United States currency in large sums at an advanced rate of interest. That would cause it to be paid back as soon as it was no longer needed. If they did not, the directors could advance the rate still higher or force the payment of the loans by selling the collateral, the same as a bank would do.

The Government would then receive enough interest on its loans to pay the interest on its bonds and have some left for the use of its money and credit, which it is justly entitled to. As the Government must guarantee the currency, no matter how it is issued, it may as well issue it direct and take the profit. If you must sign my note in order to make it good at the banks, you may as well loan me the money and take the discount. Your risk is just the same one way as the other.

The Treasury should not loan over 75 per cent of the market value of municipal bonds, 80 per cent of state bonds, and 90 per cent of United States bonds. Conservative bankers would not loan any more. National banks should not be babied always. They would not loan an individual what the United States loans them on United States bonds. The United States ought to be as conservative as any banker.

By making loans of not less than \$100,000 the Government would be saved much bother and expense. At the same time, by keeping some approved securities always on hand, us "little fellows" would take care of ourselves. The big fellows are the ones that have the trouble, not us. Under this plan there would be nothing to the argument about a market for United States bonds, because state banks, private banks, and everybody else would want some of them, for they would know that come what may they could raise 90 per cent of their value in "United States currency."

The only bond-secured currency under this plan in ordinary times would be what is necessary to take the place of the national bank notes and to move the crops each fall. Approximately eight hundred millions is the most that could be outstanding at any one time. There are over four billions of United States, state, and municipal bonds available as security therefor. The reason I suggest these bonds is that they are the very best security, and if any benefit is to result from their use it will be distributed to all of the people as near equally as it is possible to be done, which would not be the case with any other kind of security.

Asset currency advocates say that bonds are not liquid enough. If that is so, why do many of our largest and best banks show United States and municipal bonds on their statements as part of their cash assets? And why is it that in case of trouble these bonds are the first assets they realize on? Compare, for instance, a bond for \$1,000 of the city of St. Louis with the note for \$1,000 of a St. Louis brewer—and his business evaporating—which collateral would you prefer? Require a good margin, and the bonds will be liquid enough.

CALLING TREASURY LOANS.

8. Competent directors in charge of the Treasury could tell exactly when the borrowers were able to pay off their loans, when the Treasury would promptly call them. As the loans would have to be paid in money, the volume of circulation would be automatically reduced as much as it was increased when the loans were made, thus avoiding inflation.

THE TREASURY SHOULD NOT RECEIVE DEPOSITS.

9. The Treasury should not receive deposits, except gold, in exchange for which it would issue "United States currency," and it should make no loans other than "United States currency," as above provided. As the Treasury could not receive deposits, the currency it loaned would have to be taken away and deposited in banks. Being reserve money, relief would be afforded the banks. There would be no competition between the Treasury and the banks, the Government working in harmony with the banks, affording them and the country relief when it was most needed.

Respectfully submitted.

H. E. TRADER,
New Cambria, Mo.

HOURS OF DAILY SESSION.

Mr. ALDRICH. I move to strike out from the order of the procedure the time limit of 7 o'clock for adjournment.

The VICE-PRESIDENT. The Senator from Rhode Island moves to amend the order of the Senate so that 7 o'clock as the time of adjournment be stricken therefrom. The question is on the motion of the Senator from Rhode Island.

The motion was agreed to.

THE TARIFF.

The VICE-PRESIDENT. The morning business is closed, and the first bill on the calendar will be proceeded with.

The Senate resumed the consideration of the bill (H. R. 1438) to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes.

The VICE-PRESIDENT. The pending amendment will be read.

The SECRETARY. By the Senator from Virginia [Mr. DANIEL], as a substitute for section 6, on page 371, line 13, to line 14 on page 372, it is proposed to insert:

Sec. 6. That every corporation, joint-stock company, or association organized for the profit of its members and having a capital stock represented by shares above \$300,000, shall be subject to pay annually a special excise tax with respect to carrying on and doing business by such joint-stock company or association, equivalent to one-fourth of 1 per cent, upon its entire gross proceeds over and above \$20,000 received by it from all sources during such year.

Mr. ALDRICH. The Senator from Virginia, I believe, has not quite completed his remarks.

Mr. DANIEL. Mr. President, there is an error in the form of the amendment which I offered yesterday. I offered it to run from line 13, page 371, section 6, down to and including the word "imposed," in line 14, page 372. It appears in print in the form of a substitute. I did not expect to cut out the whole of section 6. I ask that those changes be made.

The VICE-PRESIDENT. The request of the Senator from Virginia will be complied with, without objection.

Mr. DANIEL. Mr. President, I shall conclude my remarks with just a few observations on the differences between the proposition now pending and the amendment reported from the Committee of the Whole.

Government comes first. Government ought always to come first with respect to the debts and obligations due to it by the people. It should always be the preferred creditor—indeed, the foremost creditor. In the section of the net-proceeds tax as it stands it is made a deferred and long-postponed creditor. As long as anybody else has a debt against the corporation charged with it he comes first. If there be any crumbs on the table or around it after everybody else is satisfied, the Government steps in and gets something, if it is there, out of net assets.

The fund or property of the corporation which the reported excise tax applies to is a fluctuating, uncertain, and absolutely variable quantity. A tempest-tossed wave going up and down on a vacillating and stormy sea is made the basis of the excise corporation tax of the United States. It is only the surplus of the assets of the corporation remaining after.

Mr. President, with respect to the amendment which I have offered, after exempting \$300,000 of corporate capital and \$20,000 in money from taxation at all for the purpose of current expenses or other incidental charges, the excise tax I would have here imposed is one-fourth of 1 per cent of all gross receipts above the exempted sums. It goes under bonds, it goes under stocks, and it goes under all outstanding obligations save the exempted items. In it government stands first. It sits at the head of the table in the name of the people; it exacts what is due to it for the necessary expenses of the Government.

A great convenience of this amendment is that it removes out of the way those tantalizing, various, and troublesome specific exemptions which are offered in so many forms. By putting up the bars of exemption at \$320,000 it leaps over all minor impediments.

The imposition of an excise tax on net revenues only reverses the order of procedure and makes government last, which ought to be first. If there be no net revenue, what then? The corporation is still exercising its business, for which nominally there is a nominal excise tax in the nature of a license tax, but the corporation pays nothing for the benefits that accrue to it through its privileges that may be issued and through the protection which government accords to it. If anybody comes to rip up a railroad that carries the mail, interfering thereby with exercise of the faculties of government, we send, and we ought to send, the troops of the United States to defend the federal right invaded. President Cleveland under such conditions sent the troops to Chicago with widespread public approbation. Up to date the great corporate establish-

ments of the Government pay nothing to support the Government which they should have an ardent desire to support.

Mr. President, the leading rich men of Great Britain are taxed enormously by great income taxes, by all sorts of charges, and the wealth of Great Britain does not shrink from the burden. Are our men of great wealth setting for the people of the United States and for the young men of the country an example of American citizenship in not suffering themselves to bear the burdens of government and in not manifesting an entire and constant readiness to support it by their contributions?

Under the old feudal system, out of which our institutions on the other side of the water were finally evolved, the knight rode at the head of his retainers to the battlefield and to lead his people in whatever service of patriotism he was called. Is that sentiment pervasive in this country among the great men who have accumulated the immense wealth of the country and have it at their disposal? Do they come and say when it wants money and a deficit is staring it in the face, "Come and tax me; let me bear my portion. I am your faithful son, and I wish to serve you?"

Mr. President, I would be just to a corporation, as I would be just to anybody. They have their rights, and they are to be respected in their exercise and protected. But they have their great moral and patriotic obligations, and they should show in their spirit and in their conduct an appreciation of what is done for them by the Government and by the vast opportunities our country affords them.

This amendment takes but little from them. It is an ideal tax. It takes little from much. It does not take simply the leavings. As the official head of the American family, it has everybody to attend upon it with their responsive service. The people created it in the name of all—"we, the people of the United States"—and all the people, without exception, more especially those who are thrifty and prosperous, should be levied upon to bear its burdens.

I do not understand the nature of a man of great wealth who wants to be left out in the roll call when the contributions of citizens are called for. But we need not be alarmed about our deficit. It is a temporary inconvenience. It will soon be closed up, as the hollow of the disturbed sea is filled up by quick onrushing waters.

Mr. President, I can not be confident in the adoption of this amendment. The field has been preoccupied. We have a worthy man in the presidential chair, a judicial-minded man, a man of great mind, and a man of great heart. I have no sentiment of opposition to the pending proposition because it results from his recommendation. On the contrary, I look to its sources as of the highest respectability and of the most commanding character, and if my own amendment is not adopted I shall vote for the pending one as the best attainable.

I have thought it not unwise to submit these few observations for your reflections. Here I stop, Mr. President, simply commending to my associates the views which I have thus imperfectly and crudely stated.

Mr. BACON. I wish to suggest to the Senator from Virginia that possibly if he will insert words in the amendment it will obviate the objection which was urged by the Senator from Montana [Mr. Dixon] yesterday, if after the words "three hundred thousand dollars," which represents shares of stock, he will insert words so as to read, "or having received \$300,000 annual gross receipts, shall be subject," and so forth. The objection was made by the Senator from Montana yesterday that a joint-stock company might have a very small capital stock and might do an immense business of millions of dollars. Therefore if the Senator would make his amendment apply either to the capital stock or to the gross receipts, it would meet that objection.

Mr. ALDRICH. Mr. President—

The VICE-PRESIDENT. Does the Senator from Georgia yield to the Senator from Rhode Island?

Mr. ALDRICH. I did not ask the Senator to yield.

Mr. BACON. I want to know what will be the response of the Senator from Virginia to my suggestion.

Mr. DANIEL. I have not been able to give to that proposition, which, to say the least, is plausible and fair, the reflection that ripens judgment into an abiding confidence. The plan I suggest is symmetrical. It fits into all conditions. If it should be adopted, and if it should become a law, we could soon repair any little faults in it, correct any incompleteness, and round it out.

If the Senator from Georgia feels like offering that amendment, I hope he will do so; but, without the time to study it out and consider all the circumstances which the new factor

would introduce, I would feel some hesitation about it which perhaps maturer meditation would remove. I think this amendment I offer would work out well and give plenty of revenue, place little burden on those least able to bear it, and not be oppressive to anybody. For that reason I would prefer it.

Mr. BACON. I offer as an amendment the language which I have suggested. After the word "dollars," in the fourth line, I move to insert the words "or having exceeding \$300,000 annual gross receipts." As an illustration of the importance of that, I will call attention to the fact that if I am correctly informed, one of the largest insurance companies in New York is doing business to the extent of hundreds of millions now, and its shares amount to only \$100,000. Its business and its income are absolutely in the hundreds of millions of dollars. Therefore it shows the absolute necessity of such an amendment as this. The limitation imposed by the amendment offered by the Senator from Virginia is one solely as to the amount of shares of stock, and thus is not a measure of the magnitude of the business or of the income; but if you have it so that it shall be either one or the other, either the shares of stock or the gross receipts, then, of course, that danger is met.

I offer that as an amendment.

Mr. ALDRICH. I move to lay the amendment on the table.

Mr. BACON. Which amendment?

Mr. ALDRICH. Both amendments, if I can.

Mr. BACON. I rise to a point of order.

Mr. ALDRICH. I move to lay the amendment on the table.

Mr. BACON. I submit the question to the Chair.

The VICE-PRESIDENT. The Senator from Rhode Island moves to lay the amendment on the table. The Secretary will report the amendment.

Mr. BACON. I rise to a point of order, if I can have the attention of the Chair.

The VICE-PRESIDENT. The Senator from Georgia always has the attention of the Chair. The Senator will state his point of order.

Mr. BACON. The point of order I make is this: I inquired of the Senator from Rhode Island which amendment he moved to lay on the table. His response was that he moved to lay both of them on the table.

Mr. ALDRICH. If I may—

Mr. BACON. My point of order is that he can not make such a motion. He can only move to lay one amendment on the table.

Mr. ALDRICH. My motion is to lay the amendment of the Senator from Georgia on the table.

Mr. BACON. But the Senator—

Mr. ALDRICH. I said I would move to lay them both on the table, if I could.

Mr. BACON. I beg the Senator's pardon. He may have intended to say—

Mr. ALDRICH. That is exactly what I did say. It is precisely what I said.

Mr. BACON. There is only one amendment pending.

The VICE-PRESIDENT. The Senator from Georgia has not yet suggested any point of order that he desires to address to the Chair.

Mr. BACON. If the Senator from Rhode Island does not press what he said, that he made the motion as to both amendments, of course I have no point of order to suggest.

The VICE-PRESIDENT. The Senator chided the Chair for not recognizing him to address to the Chair a point of order, and now the Senator does not address a point of order to the Chair.

Mr. BACON. I do not desire to be understood as chiding the Chair, but I have the right to contend that the Chair in putting a motion shall give Senators an opportunity who desire to interpose a point of order or any other motion.

The VICE-PRESIDENT. The Chair always gives Senators such an opportunity.

The Secretary will now read the amendment offered by the Senator from Georgia.

The SECRETARY. In the printed amendment offered by the Senator from Virginia, in line 4, after the word "dollars" and the comma, insert "or having exceeding \$300,000 annual gross receipts."

The VICE-PRESIDENT. The Senator from Rhode Island moves to lay the amendment to the amendment on the table.

The motion to lay on the table was agreed to.

Mr. ALDRICH. I move to lay the amendment of the Senator from Virginia on the table.

The motion to lay on the table was agreed to.

The VICE-PRESIDENT. The question is on agreeing to section 6 as amended.

Mr. GORE. Mr. President, I desire to offer an amendment to the pending amendment, to come in on line 3, page 373, after the word "purpose."

The VICE-PRESIDENT. The amendment will be stated.

The SECRETARY. On page 373, line 3, after the word "purpose," it is proposed to insert the following additional proviso:

Provided further, That all or any part of the revenue arising under this act from national banking associations may, upon the application of the bank or banks paying the same, be set aside by the Secretary of the Treasury as a special safety fund, to be used exclusively in the payment of the depositors of such banking associations in case of insolvency, and the Secretary of the Treasury is authorized to prescribe suitable rules and regulations for the administration and disbursement of said safety fund: Provided, however, That no national banking association shall be bound by any such rules or regulations or subjected to any obligation or liability thereby except upon the voluntary and written agreement of such banking association to be bound thereby, filed in advance with the Secretary of the Treasury.

Mr. GORE. Mr. President, I shall not detain the Senate more than a minute. I merely wish to say I am aware the Senate is hostile to an involuntary system of guaranteeing bank deposits. I am also aware that the country, by its vote last November, registered its opposition to an involuntary system of guaranteeing bank deposits. I respect the sentiment both of the Senate and of the country.

The amendment which I have proposed leaves the system first discretionary to the Secretary of the Treasury and then voluntary on the part of the bank. It has seemed to me that the proposition is reasonable and free from the objections that prevail against an involuntary and compulsory system of guaranteeing bank deposits.

Mr. ALDRICH. I move to lay the amendment on the table. The motion to lay on the table was agreed to.

Mr. NEWLANDS. I offer an amendment to section 6.

The VICE-PRESIDENT. The amendment will be stated.

The SECRETARY. On page 383, after line 11, at the end of the section insert:

The provisions of this section shall only apply to corporations, associations, and insurance companies whose gross receipts exceed \$250,000 per annum.

Mr. ALDRICH. I move to lay the amendment on the table.

The motion to lay on the table was agreed to.

Mr. STONE. Mr. President, I have two amendments I desire to offer. I do not wish to discuss them very long. I offer the amendment which I send to the desk.

The VICE-PRESIDENT. The amendment is to paragraph 528, which is not now pending. The pending question is on agreeing to section 6 as amended.

Mr. STONE. Let the clerks hold the amendment at the desk.

The VICE-PRESIDENT. The Chair will return the amendment to the Senator from Missouri. The question is on agreeing to section 6 as amended.

Section 6 as amended was agreed to.

Mr. ALDRICH. I think this concludes the reserved amendments.

The VICE-PRESIDENT. The Chair thinks there is one other. Section 7, the Chair thinks, was reserved by the Senator from Iowa [Mr. CUMMINS].

Mr. CUMMINS. I have reserved section 7 for the purpose of calling the attention of the Senate and the attention of the Finance Committee to what seems to me to be a very obvious oversight.

When the question was mentioned yesterday the Senator from Rhode Island stated that this provision was in the present law and had long been in our tariff laws. That is true, but we have now put into our tariff law a provision that never before has been made a part of the tariff laws of the United States. We have incorporated a dual tariff, a maximum or general tariff, and a minimum tariff. This provision, to which I now object, is entirely inconsistent with the dual tariff which we have already adopted.

For instance, on the 31st of next March there will go into effect, in the absence of any action on the part of the President, a general tariff above that which we have now adopted of 25 per cent ad valorem. If we leave the provision in the law, the countervailing duties provided in it will be added to the general retaliatory tariff. If, on the other hand, the President of the United States shall find that our relations with any particular country are fair and equal, that any particular country does not discriminate—

Mr. ALDRICH rose.

Mr. CUMMINS. I pause.

Mr. ALDRICH. I think the Senator is mistaken about the section that he is discussing. There are no countervailing duties in this section.

Mr. CUMMINS. There are countervailing duties in this section.

Mr. ALDRICH. I think not.

Mr. CUMMINS. Allow me to read it:

That whenever any country, dependency, colony, province, or other political subdivision of government shall pay or bestow, directly or indirectly, any bounty or grant upon the exportation of any article or merchandise from such country—

Mr. ALDRICH. I beg the Senator's pardon; I was looking at the wrong section.

Mr. CUMMINS. Precisely. I think if you will examine the section and compare it with the maximum and minimum tariff you will find that the two are wholly inconsistent. It can not be that we intend to add an additional duty upon the maximum duties that we have already adopted in order to retaliate upon any nation that fails to export her goods freely to the United States. The very provision that is here mentioned is the condition upon which the President of the United States can not issue his proclamation giving such country the benefit of our minimum tariff.

I ask the Senator from Rhode Island, who speaks for the Finance Committee, whether it is intended that if, for instance, France levies an export duty upon some product to the United States, and therefore is not entitled to our minimum tariff rates, it is intended that that export duty shall be added to our import duties, our import duties already being 25 per cent in advance of those which we have prescribed in the act?

Mr. ALDRICH. Evidently the Senator from Iowa does not understand fully the purpose and the effect of this section. This paragraph does not apply to existing duties at all—only to bounties.

Mr. CUMMINS. I understand that perfectly. There is—

Mr. ALDRICH. The Senator was discussing it as though it applied to export duties. It does not. It simply applies to bounties paid.

Mr. CUMMINS. There is no difference especially between an export duty and a bounty.

Mr. ALDRICH. There is a very great difference. One is a payment, and the other is a gift. One is a payment on the part of the exporter, a duty, and the other is a bounty. The difference between a duty and a bounty is as wide as the poles.

Mr. CUMMINS. I dispute that proposition as applying to all cases. It may be true in a particular case, but when the government of a foreign country pays a bounty upon the export of a particular article to the United States it has the same effect precisely as though the Government levied an export duty upon it. I mean—

Mr. ALDRICH. Mr. President—

Mr. CUMMINS. Will the Senator permit me to finish? It makes a vast difference to the exporter, but so far as the relations of that country to the United States are concerned they are exactly the same, and they are affected in the same manner. Why does the committee add—

Mr. ALDRICH. If the Senator will stop to reflect upon that proposition, I think he will find that one is a charge and the other is a gratuity. One is a payment for exportation and the other is a payment upon exportation; and, as I said, the two things are as wide apart as the poles.

Mr. CUMMINS. I have already said that one is a payment by the exporter and the other a payment by the Government to the exporter.

Mr. ALDRICH. The section as it stands covers one case and does not cover the other at all. It does not cover the case which the Senator was discussing.

Mr. CUMMINS. The Senator from Rhode Island does not look at the point I am making. I will try to restate it. It is true, is it not, that under our maximum and minimum provision, if any government paid a bounty upon the export of any article to the United States and did not pay that bounty to any other country foreign to the one which produced the article, it would be a reason for imposing upon that country our maximum tariff?

Mr. ALDRICH. But, Mr. President, the Senator must realize that that is an impossible situation. No country can under the general treaties of the world put a different provision upon the exports of the United States than it does upon any other country; that is an impossible situation.

Mr. CUMMINS. It is no more impossible that it shall pay bounty upon exports to the United States and thus discriminate against the United States than it is to impose an export duty to the United States and thus discriminate against the United States.

Mr. ALDRICH. This does not provide for bounties paid on exports to the United States. The bounties which this provision are intended to cover are bounties like the sugar bounties of Germany, which are not paid for exportation to the United States, but paid upon exportations generally.

Mr. CUMMINS. Mr. President, so far as affecting the relations between foreign countries and the United States there is no difference between the export duty and the bounty. In either event this country is discriminated against, and that is the thing that was intended to be provided against both in this section and in the maximum and minimum tariff provision. The only effect of this will be to increase the duties paid by the people of the United States upon articles imported here. It seems to me that every opportunity is embraced that will result in increasing these duties. Therefore, while I have not had the slightest hope that the suggestion would meet with the favor of the committee, I have thought it my duty to call it to the attention of the Senate.

The PRESIDING OFFICER (Mr. KEAN in the chair). The question is on agreeing to section 7.

Section 7 was agreed to.

Mr. ALDRICH. I think that covers everything reserved.

The PRESIDING OFFICER. The Secretary informs the Chair that there were two paragraphs passed over.

Mr. ALDRICH. Yes; paragraph 627 was passed over.

Mr. JONES. I wish to ask the chairman of the committee with reference to section 11. I have received quite a number of letters from merchants in my State with reference to the basis for assessing the duties. I imagine that the chairman has received letters of similar import. They all seem to be of about the same character. I wonder whether the objection these people have made has been met.

Mr. ALDRICH. It has.

Mr. JONES. Very well.

Mr. ALDRICH. Paragraph 627, according to my memorandum, is the only one remaining.

Mr. GUGGENHEIM. I have an amendment.

Mr. ALDRICH. I call the attention of the Senator from Ohio [Mr. BURTON] to paragraph 627, which we are about considering. That is my memorandum. Perhaps the Secretary has a different one.

The SECRETARY. Paragraph 368 was passed over and paragraph 627 was passed over.

Mr. BURTON. What is the subject?

Mr. NEWLANDS. I should like to make an inquiry of the Senator from Rhode Island.

Mr. ALDRICH. What is the inquiry?

Mr. NEWLANDS. I wish to inquire of the Senator whether there is any other section reserved for consideration?

Mr. ALDRICH. Paragraphs 368 and 627 are the only paragraphs reserved.

Mr. NEWLANDS. I wish to offer an additional section.

Mr. ALDRICH. That is not yet in order, I suggest to the Senator.

Mr. BURTON. I will state to the Senator from Rhode Island that I have sought to bring the parties together to see if they could not agree upon the phraseology. As at present advised, I am unable to suggest any amendment to this paragraph.

Mr. ALDRICH. Then I ask that the paragraph may be agreed to.

The PRESIDING OFFICER. The question is on agreeing to paragraph 627.

The paragraph was agreed to.

The PRESIDING OFFICER. Paragraph 368 will be read.

The SECRETARY. Paragraph 368, page 139:

Top waste, slubbing waste, roving waste, ring waste, and garnetted waste, 30 cents per pound.

The PRESIDING OFFICER. The question is on agreeing to the paragraph.

The paragraph was agreed to.

Mr. ALDRICH. That includes everything. Now, I ask that the tobacco amendment reported by the committee may be taken up.

Mr. BACON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Rhode Island yield to the Senator from Georgia?

Mr. ALDRICH. I do.

Mr. BACON. I had an amendment for my colleague [Mr. CLAY] which I had intended to offer as an amendment to the corporation-tax provision. I gave notice of it, the Senator will remember, but when the vote upon the amendment was taken my attention was diverted for a moment. If the Senator prefers, I will offer it as an independent amendment.

Mr. ALDRICH. I think the Senator had better offer it as an independent amendment.

Mr. BACON. I wish to say in connection with the corporation-tax amendment what I would have said if I had had my attention called at the time the vote was taken. When the vote was taken in Committee of the Whole I withheld my vote and would not vote either way. I did so upon the statement

at the time that I thought I was entitled to vote on the income-tax question before I was required to vote upon the corporation tax. Furthermore, I objected to the amendment as it then stood. In fact, it did not take care of the fraternal orders, or of religious, educational, and charitable associations.

I also objected to the amendment as it then was framed on the ground of the provision in it which excepted from the income of holding companies taxes which had been paid by the companies thus owned by the holding companies. In several of these particulars the objections mentioned have been corrected. There are still some features in the amendment to which I very seriously object. Some of them have been voted down on amendments which have been offered by myself to correct them. Still, while it can not be put in the position where I would give it my entire approval, I shall deem it my duty, under the circumstances, to give it my vote.

Mr. President, with that statement, rather than move a reconsideration of the vote of the Senate adopting the corporation-tax amendment, I will, on behalf of my colleague [Mr. CLAY], offer the amendment which I send to the desk, to come in immediately after section 6, the amendment which has been adopted providing for a corporation tax. I hope the Senate may be allowed to hear this amendment, as I deem it extremely important, and I wish to ask for a ye-and-nay vote on it.

The PRESIDING OFFICER. The Senator from Georgia offers an amendment, which will be stated.

The Secretary proceeded to read the amendment submitted by Mr. BACON.

Mr. ALDRICH. To save the time of the Senate, I hope the Senator will now allow a vote to be taken on the motion to lay on the table.

Mr. BACON. I hope the Senator will not make that motion. I will tell him the reason why—

Mr. ALDRICH. I certainly shall make it.

Mr. BACON. If the Senator will listen to what I have to suggest to him, it will probably recall the matter to his memory.

My colleague [Mr. CLAY] prepared that amendment and proposed to offer it in Committee of the Whole. He called the attention of the Senate to it, and, at the suggestion of the Senator from Rhode Island, he agreed to let it go over and to offer it in the Senate. My colleague is absent, and I know he wants a vote on this amendment. I think, under the circumstances, instead of a vote on a motion to lay on the table, we ought to have a vote upon the amendment itself.

Mr. ALDRICH. If the Senator will not ask to have the amendment read—

Mr. BACON. Mr. President—

Mr. BURKETT. Let us have it read.

Mr. BACON. It will not take long to read it.

Mr. GALLINGER. I think the amendment ought to be read, Mr. President. It has been partially read.

Mr. CRAWFORD. I insist on its being read, Mr. President.

The PRESIDING OFFICER. The amendment will be read.

The Secretary resumed the reading of the amendment.

Mr. ALDRICH. Mr. President, this amendment has been read sufficiently to disclose its character. This is an elaborate system for taxing sales upon exchanges. It has no place in this bill; it has not been examined by any committee; and I feel constrained to move to lay it on the table.

Mr. BACON. The Senator can not move to lay the amendment on the table before it is read.

Mr. ALDRICH. If the Senator insists upon it, of course, he can have the amendment read.

Mr. BACON. Under the circumstances, I do, as the Senator makes that proposition. I have read it myself; but there are other Senators who have asked for its reading.

The PRESIDING OFFICER. The Secretary will continue the reading of the amendment.

The Secretary resumed and concluded the reading of the amendment, which was to add to section 6 the following:

10. From and after the passage of this act every person, association, copartnership, or corporation who or which shall in his, its, or their own behalf, or as agent, engage in the business of making or offering to make contracts, agreements, trades, or transactions respecting the purchase or sale, or purchase and sale, of any grain, provisions, raw or unmanufactured cotton, stock, bonds, or other securities wherein both parties thereto or such person, association, copartnership, or corporation above named contemplate or intend that such contracts, agreements, trades, or transactions shall be or may be closed, adjusted, or settled according to or with reference to the public market quotations of prices made on any board of trade or exchange upon which the commodities or securities referred to in said contracts, agreements, trades, or transactions are dealt in, and without a bona fide transaction on such board of trade or exchange, or wherein both parties or such person, association, copartnership, or corporation above named shall contemplate or intend that such contracts, agreements, trades, or transactions shall be or may be deemed closed or terminated when the public market quotations of prices made on such board of trade or exchange for the articles or securities named in such contracts, agreements, trades, or

transactions shall reach a certain figure, and every person, association, copartnership, and corporation who or which shall in his or its own behalf, or as agent, conduct what is commonly known as a "bucket shop," shall pay a stamp tax of 10 cents on each \$100 in value or fraction thereof of the merchandise covered or pretended to be covered, and also a tax of 10 cents on each \$100 on the face value or fraction thereof of all stocks, bonds, or other securities covered or pretended to be covered by each and all of such contracts, agreements, trades, or transactions: *Provided, however,* That the payment of any tax imposed by this paragraph shall not be held or construed to exempt any such person, association, copartnership, or corporation from any penalty or punishment provided by the laws of any State for carrying on such business, or the making of such contracts, agreements, trades, or transactions within such State, or in any manner to authorize the commencement or continuance of such business, or the making of any such contracts, agreements, trades, or transactions contrary to the laws of such State, or in any place prohibited by municipal law; and on or before the 1st day of April, 1910, every such person, association, copartnership, or corporation, as aforesaid, shall for each office or place of business, and for each branch office or place of business wherever established, pay a special tax of \$500, and on or before the 1st day of July, 1910, and annually thereafter, for every such office or branch office a special tax of \$500, and such taxes shall be in addition to all other special taxes imposed by this act. Every person, association, copartnership, or corporation proposing to engage in or continue the business aforesaid shall, before commencing such business, file with the collector or proper deputy collector of the district in which it is proposed to carry on such business a notice in writing under oath, and in such form as the Commissioner of Internal Revenue may prescribe, stating the name of the person, association, copartnership, or corporation intending to engage in such business, the names of the members of any such association or copartnership, and the names of the officers of any such corporation, together with the residences of all the individuals whose names are thus required, and the place (including street number) where such business is to be carried on, and it shall be the duty of the collector of internal revenue to keep in his office a book in which shall be recorded a complete copy of all such notices, and such book shall be open to public inspection. Every person, association, copartnership, or corporation conducting or transacting the business aforesaid shall keep or cause to be kept just and true books of account, wherein shall be plainly and legibly recorded on the day of the making of every such contract, agreement, trade, or transaction a complete and exact specification thereof, including the date thereof, the other party thereto, and the quantity, price, and the gross amount in value of each article or commodity covered or pretended to be covered by each such contract, agreement, trade, or transaction, and such books shall at all reasonable times and hours be subject to the inspection of the collector, deputy collector, and the inspector of internal revenue or any duly authorized agent of the Internal Revenue Department, and every such person, association, copartnership, or corporation shall deliver to the other party to each such contract, agreement, trade, or transaction, at the time of making the same, a written memorandum also containing the complete and exact specification thereof above referred to, to which the proper stamp shall be, before delivery, affixed. Every person, association, copartnership, or corporation who shall, in his or their own behalf, or as agent, engage in or continue in the business hereinbefore defined without having filed the notice herein required, or who shall fail or refuse to keep any such book or make any return, report, or affidavit required as aforesaid, or who shall make a false, fraudulent, or partial return, report, or affidavit, or shall fail or refuse to deliver a written memorandum, as hereinbefore required, or shall in any other respect violate any of the provisions of this paragraph, shall, besides being liable for the amount of the tax or taxes herein prescribed, be deemed guilty of a misdemeanor, and upon conviction thereof shall, for each and every such offense, pay a fine of not less than five hundred nor more than five thousand dollars, or be imprisoned not less than three months nor more than two years, or both, in the discretion of the court. All provisions of law now in force relating to the collection, recovery, and enforcement of taxes, fines, and penalties imposed under the law concerning internal revenue and not inconsistent with the provisions of this paragraph shall extend and apply to the recovery and enforcement of the taxes, fines, and penalties imposed by this paragraph.

Mr. BACON. Mr. President—

Mr. ALDRICH. Mr. President, I move to lay the amendment on the table.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. BACON. I first addressed the Chair, Mr. President. I am entitled to the floor. It is well known that the purpose of the Senator from Rhode Island [Mr. ALDRICH] is to move to lay the amendment on the table without giving me an opportunity to say anything.

Mr. ALDRICH. I withhold the motion.

Mr. BACON. I appeal to the Senate—

The PRESIDING OFFICER. The Chair recognizes the Senator from Georgia.

Mr. ALDRICH. I withhold the motion, Mr. President.

Mr. BACON. Mr. President, it is a very apparent thing that there are some Senators in this Chamber who, by reason of the fact that they occupy a certain relation to the majority in this Chamber, assume that they have greater rights than other Senators upon this floor. I resent that assumption, not only for myself, but for others; and so long as I am permitted to remain here I do not intend to submit to such lordly performances as those which are here attempted.

Mr. President, I intend to detain the Senate but one moment. The Senator from Rhode Island, when he made the extraordinary motion, pending the reading of the amendment, before it had been finished, to lay it upon the table—something, I think, absolutely unprecedented in the history of this body, and which I presume no other Senator would have assumed for a moment to do—stated that this was an amendment which had not been examined by anyone; that it had not been before any commit-

tee; and that, on account of its importance, it was a matter which was not now entitled to consideration by this body.

I desire to say, Mr. President, that that is a substantial, if not a literal, copy of the act of 1898. My colleague was associated with two other Senators on this side of the Chamber in its preparation. One of them was the Senator from Colorado [Mr. HUGHES] and the other was the Senator from Kentucky [Mr. PAYNTER], who is now absent, sick. The Senator from Colorado, however, informs me that it is substantially, if not literally, a copy of that act. So it is an amendment which has had the consideration of this body, which has been upon the statute books, and we are not in the position of the consideration of an unconsidered measure.

Each Senator here knows what the provisions of the amendment are, and knows the fact that it is not an ill-considered and untried measure, but it is simply a question whether or not we shall adopt it at this time.

Mr. ALDRICH. I do not desire to interrupt the Senator, but I desire to address the Senate when he is through.

Mr. BACON. I have concluded.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. ALDRICH. I move to lay the amendment on the table.

Mr. BACON. On that I ask for the yeas and nays.

The PRESIDING OFFICER. The Senator from Rhode Island moves to lay the amendment on the table, and on that the Senator from Georgia asks for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. BACON (when Mr. CLAY's name was called). I desire to announce that my colleague [Mr. CLAY] is necessarily absent at this time. He is paired with the senior Senator from Massachusetts [Mr. LODGE]. If my colleague were present, he would vote "nay."

Mr. CULLOM (when his name was called). I have a general pair with the junior Senator from Arkansas [Mr. DAVIS]. If he were present, I should vote "yea."

Mr. CULBERSON (when the name of Mr. DAVIS was called). The Senator from Arkansas [Mr. DAVIS] is paired with the Senator from Illinois [Mr. CULLOM]. If the Senator from Arkansas were present, he would vote "nay."

Mr. DILLINGHAM (when his name was called). Owing to the general pair I have with the senior Senator from South Carolina [Mr. TILLMAN], I withhold my vote.

Mr. GUGGENHEIM (when his name was called). I have a general pair with the senior Senator from Kentucky [Mr. PAYNTER], who is detained by sickness, and therefore I withhold my vote.

Mr. LODGE (when his name was called). I have a general pair with the Senator from Georgia [Mr. CLAY]. If he were present, I should vote "yea," and I suppose he would vote "nay."

Mr. RAYNER (when his name was called). I am paired with the junior Senator from New York [Mr. ROOR]. If he were present, I should vote "nay."

The roll call was concluded.

Mr. OWEN. I am paired with the Senator from Oregon [Mr. BOURNE], and therefore withhold my vote.

Mr. LODGE. The Senator from Wyoming [Mr. WARREN], who is paired with the Senator from Mississippi [Mr. MONEY], is absent. I suggest that the Senator from Wyoming stand paired with the Senator from Georgia [Mr. CLAY], which will permit both the Senator from Mississippi and myself to vote.

Mr. MONEY (after having voted in the negative). I want to say that I was not aware the Senator from Wyoming [Mr. WARREN] was absent when I voted; but the arrangement suggested by the Senator from Massachusetts [Mr. LODGE] is entirely satisfactory to me, and I will allow my vote to stand.

Mr. LODGE. I vote "yea."

Mr. DILLINGHAM. I transfer my pair with the senior Senator from South Carolina [Mr. TILLMAN] to the senior Senator from Indiana [Mr. BEVERIDGE] and vote. I vote "yea."

Mr. CULLOM. I transfer my pair with the Senator from Arkansas [Mr. DAVIS] to the Senator from Idaho [Mr. BORAH] and vote. I vote "yea."

The result was announced—yeas 44, nays 34, as follows:

YEAS—44.

Aldrich	Cullom	Gallinger	Oliver
Bradley	Curtis	Gamble	Page
Brandegree	Depew	Hale	Penrose
Briggs	Dick	Heyburn	Perkins
Bulkeley	Dillingham	Johnson, N. Dak.	Scott
Burnham	Dixon	Kean	Smith, Mich.
Burrows	du Pont	Lodge	Smoot
Burton	Elkins	Lorimer	Stephenson
Carter	Flint	McCumber	Sutherland
Clark, Wyo.	Foster	McEnery	Warner
Crane	Frye	Nixon	Wetmore

NAYS—34.

Bacon	Culberson	Jones	Shively
Bailey	Cummins	La Follette	Simmons
Bankhead	Daniel	McLaurin	Smith, Md.
Bristow	Dolliver	Martin	Smith, S. C.
Brown	Fletcher	Money	Stone
Burkett	Frazier	Nelson	Tallafiero
Chamberlain	Gore	Newlands	Taylor
Clapp	Hughes	Overman	
Crawford	Johnston, Ala.	Piles	

NOT VOTING—14.

Beveridge	Clay	Paynter	Tillman
Borah	Davis	Rayner	Warren
Bourne	Guggenheim	Richardson	
Clarke, Ark.	Owen	Root	

So the amendment offered by Mr. BACON in behalf of Mr. CLAY was laid on the table.

Mr. ALDRICH. I ask that the tobacco amendment be now taken up.

The VICE-PRESIDENT. The Secretary will state the amendment which has heretofore been offered by the Senator from Utah [Mr. SMOOT].

The SECRETARY. It is proposed to add as new sections to the bill the following:

SEC. 10. That section 3362 of the Revised Statutes of the United States, as amended by subsequent acts of March 1, 1879, January 9, 1883, and April 12, 1902, be amended to read as follows:

"All snuff in packages containing 1, 1½, 2, 2½, 3, 3½, 4, 6, 8, and 16 ounces, or in bladders and in jars containing not exceeding 20 pounds. All fine-cut chewing tobacco, cavendish, twist, and plug tobacco, and all other kinds of tobacco not otherwise provided for, in packages containing 1, 1½, 1¾, 2, 2½, 3, 3½, 4, 6, 8, and 16 ounces, except that fine-cut chewing tobacco may, at the option of the manufacturer, be put up in wooden packages containing 10, 20, 40, and 60 pounds each. All smoking tobacco and all cut and granulated tobacco other than fine-cut chewing, all shorts, the refuse of fine-cut chewing, which has passed through a riddle of 36 meshes to the square inch, and all refuse scraps, clippings, cuttings, and sweepings of tobacco in packages containing 1, 1½, 1¾, 2, 2½, 3, 3½, 4, 6, 8, and 16 ounces each."

All cavendish, plug, and twist tobacco, in wooden packages not exceeding 200 pounds net weight.

And every such wooden package shall have printed or marked thereon the manufacturer's name and place of manufacture, the registered number of the manufactory, and the gross weight, the tare, and the net weight of the tobacco in each package: *Provided*, That these limitations and descriptions of packages shall not apply to tobacco and snuff transported in bond for exportation and actually exported: *And provided further*, That perique tobacco, fine-cut shorts, the refuse of fine-cut chewing tobacco, refuse scraps, clippings, cuttings, and sweepings of tobacco, may be sold in bulk as material, and without the payment of tax, by one manufacturer directly to another manufacturer, or for export, under such restrictions, rules, and regulations as the Commissioner of Internal Revenue may prescribe: *And provided further*, That wood, metal, paper, or other materials may be used separately or in combination for packing tobacco, snuff, and cigars, under such regulations as the Commissioner of Internal Revenue may establish.

SEC. 11. That section 3368 of the Revised Statutes of the United States, as amended, be, and the same is hereby, amended so as to read as follows:

"Upon tobacco and snuff manufactured and sold, or removed for consumption or use, there shall be levied and collected the following taxes:

"On snuff, manufactured of tobacco or any substitute for tobacco, ground, dry, damp, pickled, scented, or otherwise, of all descriptions, when prepared for use, a tax of 8 cents per pound. And snuff flour, when sold, or removed for use or consumption, shall be taxed as snuff, and shall be put in packages and stamped in the same manner as snuff.

"On all chewing and smoking tobacco, fine-cut, cavendish, plug, or twist, cut or granulated, of every description; on tobacco twisted by hand or reduced into a condition to be consumed, or in any manner other than the ordinary mode of drying and curing, prepared for sale or consumption, even if prepared without the use of any machine or instrument, and without being pressed or sweetened; and on all fine-cut shorts and refuse scraps, clippings, cuttings, and sweepings of tobacco, a tax of 8 cents per pound."

SEC. 12. That section 3392 of the Revised Statutes of the United States, as amended by section 32 of the act of October 1, 1890, be amended to read as follows:

"All cigars weighing more than 3 pounds per thousand shall be packed in boxes not before used for that purpose containing, respectively, 5, 10, 12, 13, 25, 50, 100, 200, 250, or 500 cigars each; and every person who sells, or offers for sale, or delivers, or offers to deliver, any cigars in any other form than in new boxes as above described, or who packs in any box any cigars in excess of or less than the number provided by law to be put in each box, respectively, or who falsely brands any box, or affixes a stamp on any box denoting a less amount of tax than that required by law, shall be fined for each offense not more than \$1,000, and be imprisoned not more than two years: *Provided*, That nothing in this section shall be construed as preventing the sale of cigars at retail by retail dealers who have paid the special tax as such from boxes packed, stamped, and branded in the manner prescribed by law: *And provided further*, That every manufacturer of cigarettes shall put up all the cigarettes that he manufactures or has manufactured for him and sells or removes for consumption or use, in packages or parcels containing 10, 15, 20, 50, or 100 cigarettes each, and shall securely affix to each of said packages or parcels a suitable stamp denoting the tax thereon, and shall properly cancel the same prior to such sale or removal for consumption or use, under such regulations as the Commissioner of Internal Revenue shall prescribe; and all cigarettes imported from a foreign country shall be packed, stamped, and the stamps canceled in like manner, in addition to the import stamp indicating inspection of the custom-house before they are withdrawn therefrom."

SEC. 13. That section 3394 of the Revised Statutes of the United States, as amended, be, and the same is hereby, amended, so as to read as follows:

"Upon cigars and cigarettes which shall be manufactured and sold, or removed for consumption or sale, there shall be assessed and collected the following taxes, to be paid by the manufacturer thereof: On

cigars of all descriptions made of tobacco, or any substitute therefor, and weighing more than 3 pounds per thousand, \$3 per thousand: *Provided*, That on such cigars of a wholesale value or price of more than \$75 per thousand and not exceeding \$110 per thousand, the tax shall be \$6 per thousand; and on such cigars or cigarettes of a wholesale value or price of more than \$110 per thousand, the tax shall be \$9 per thousand; on cigars, made of tobacco, or any substitute therefor, and weighing not more than 3 pounds per thousand, 75 cents per thousand; on cigarettes, made of tobacco, or any substitute therefor, and weighing more than 3 pounds per thousand, \$3.60 per thousand; on cigarettes, made of tobacco, or any substitute therefor, and weighing not more than 3 pounds per thousand, \$1.25 per thousand: *Provided*, That all rolls of tobacco, or any substitute therefor, wrapped with tobacco, shall be classed as cigars; and all rolls of tobacco, or any substitute therefor, wrapped in paper or any substance other than tobacco, shall be classed as cigarettes.

"And the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall provide dies and stamps for cigars weighing not more than 3 pounds per thousand; and for cigarettes at the rates of tax imposed by this section: *Provided*, That such stamps shall be in denominations of 10, 15, 20, 50, and 100; and the laws and regulations governing the packing and removal for sale of cigarettes, and the affixing and canceling of the stamps on the packages thereof, shall apply to cigars weighing not more than 3 pounds per thousand."

SEC. 14. That none of the packages of smoking tobacco and fine-cut chewing tobacco, cigarettes, or snuff prescribed by law, or any cigar, or package of cigars, or other package of tobacco prescribed by law, shall be permitted to have packed in, or attached to, or connected with the same any article or thing whatsoever other than the wrappers and labels of the manufacturers or persons, orders, or organizations making or producing the same, the internal-revenue stamp, and the tobacco, snuff, cigarettes, or cigars, respectively, put up thereon, on which the tax is required to be paid under the internal-revenue laws; nor shall there be affixed to, or branded, stamped, marked, written, or printed upon said packages, or their contents, any promise or offer of, or any order or certificate for, any money, gift, prize, premium, payment, or reward. And such labels shall truly state the bona fide owner, proprietor, and manufacturer.

SEC. 15. That no such packages when emptied, nor any part of them, nor anything attached to such packages, shall be received by any manufacturer of tobacco, snuff, cigars, or cigarettes, in lieu of coupons or in consideration of anything of value.

SEC. 16. That the provisions of sections 10, 11, 12, 13, 14, and 15 of this act shall not take effect until July 1, 1910.

Mr. MARTIN. Mr. President, I desire to occupy but a very few moments of the time of the Senate to enter my protest against this proposed tax. It provides for a very large increase of taxation on the tobacco industry, which is already very heavily taxed. On manufactured tobacco the increase is 33 per cent, and on cigars and cigarettes the increase is very large. It is estimated that the increased revenue to be derived from this amendment will closely approach \$10,000,000 per annum.

It seems to me, Mr. President, that a heavy increase of taxation like this ought to have been brought to the attention of the Senate in a different manner from that in which it has now been brought to the attention of the Senate by the Committee on Finance. The purpose to put this increased tax upon this industry has been held back until the closing days of the consideration of this bill, and it has been presented at a time when it has been impossible to ascertain from those chiefly affected by it what their views in relation to it are.

One thing, Mr. President, is very certain, and that is that the manufacturers and dealers will not pay this tax. They will reimburse themselves out of the pockets of other people for every dollar which they pay into the Treasury. They will have several opportunities for this reimbursement. We all know that the tobacco market is largely dominated by the tobacco trust. They can recoup against the grower of the tobacco in the purchases which they make of the leaf, or they may take it out of the pockets of the consumers of the tobacco.

Another opportunity which they will have to reimburse themselves will be to increase the cost of tobacco to the consumer. Still another opportunity which may be availed of will be by the diminution of the quality or quantity of the commodity which they sell to the consumer. But whether they reimburse themselves in one or another of these ways or by all of these methods, it does seem to me impossible to conceive that they will fail to reimburse themselves in some way. This tax will be taken out of the pockets of the growers of tobacco or out of the pockets of the consumers of tobacco or out of the pockets of both.

The provision is in line with almost all the provisions of this bill. The purpose of the dominant party, and especially the purpose of the committee having charge of these matters, seems to have been to entirely ignore the great body of the people and to afford the utmost opportunity for the trusts, for the monopolies, and for the great manufacturers to encroach upon the rights of the great body of the people.

There has been no opportunity, Mr. President, whatever given to the growers of tobacco to be heard in respect to this matter. From the independent manufacturers we have had protests. It has happened that the independent manufacturers are now in session holding their annual convention at Old Point Comfort, in the State of Virginia, and they have adopted resolutions protesting against this tax. I can not at the moment lay my

hands on the telegram, but the body referred to is the Association of Independent Tobacco Manufacturers of the United States; and I say that that association, in annual convention at Old Point Comfort, has adopted resolutions protesting against this tax.

We have had no opportunity to hear from the growers of tobacco, from the farmers of the country; but it goes without saying that they can find no good coming to them by increasing 33 per cent the tax on this industry.

I will not, Mr. President, prolong my remarks. I simply desired to enter my protest against what I consider an unjust increase of taxation on this great industry; to enter my protest against the method which has been used to bring it before the Senate; and to enter my protest against a policy which inures to the advantage of the monopolies and trusts of the country and to the detriment of the growers of tobacco and the consumers of tobacco in this country from one end of it to the other.

Mr. MARTIN subsequently said:

Mr. President, I send to the Secretary's desk a number of communications, and I ask unanimous consent that, without being read, they may be printed at the end of the remarks I submitted this morning.

The VICE-PRESIDENT. In the absence of objection, permission is granted.

The matter referred to is as follows:

Hon. THOMAS S. MARTIN,
Washington, D. C.

MARTINSVILLE, VA., July 7, 1909.

DEAR SENATOR: The Martinsville Tobacco Board of Trade has just wired you with reference to the proposed increase in the tobacco tax from 6 to 8 cents per pound, asking you to strenuously oppose same. This increase will work a great detriment to the independent tobacco manufacturers, and will punish them much worse than the trust, as it will require more capital to do business, and will necessarily lessen the amount of business by the smaller manufacturer, and the loss to them will be the gain of the trust. We sincerely trust you will do all in your power to defeat this increase. We beg to remain, with sincere regards,

Yours, very truly,

SPARROW & GRAVELY TOBACCO CO.
By J. D. SPARROW, President.

DANVILLE, VA., July 7, 1909.

Hon. THOMAS S. MARTIN,
United States Senate, Washington, D. C.

DEAR SIR: We regret very much to see that there is an effort being made to advance the tax on tobacco. We sincerely hope that you will do all that you can against any increase in the tax. It is about the only farm product that has shown no advance in price to the farmer and any increased tax would certainly militate against the price of the raw material, in our judgment. It does seem to us that the Government has laid a sufficiently heavy tax upon tobacco and will find other ways of relieving the deficit which is confronting them than imposing an additional burden upon tobacco.

Yours, very truly,

J. N. WILLIE & Co.

MARTINSVILLE, VA., July 7, 1909.

Senator THOMAS S. MARTIN,
Washington, D. C.

DEAR SIR: We are informed by to-day's papers that the Senate Finance Committee yesterday recommended an increase of 2 cents per pound on all manufactured tobaccos. This will work a great hardship on the independent manufacturers, and will necessitate the change of styles of plug in many instances, and where it is impossible to change styles will be a clear loss to us of the increase in the tax. Senator BEVERIDGE's argument that the manufacturer of smoking tobacco is robbing the consumer of one-third ounce tobacco in every package of 1½ ounces is unjustifiable from the fact that the average price paid for leaf by the manufacturer for the years 1907, 1908, and 1909 on the Danville and Martinsville markets is about 60 per cent higher than it was during the years 1898, 1899, and 1900, when the Spanish-war tax was in operation. The increase is more detrimental to the independent or small manufacturer than it is to the trust, as it requires more capital to operate business. Farmers are now realizing more for their tobaccos than they did under the war tax, and in our opinion on certain grades of tobacco if the increase in tax goes into operation, the manufacturer will lose 2 cents per pound or be inclined to pay the farmer just that much less for his leaf. We sincerely hope you will use your best efforts in defeating the increase, and allow the tax to remain at 6 cents.

Yours, very truly,

W. A. BROWN TOBACCO CO.,
By G. B. DUDLEY.

LYNCHBURG, VA., July 7, 1909.

Hon. THOMAS S. MARTIN,
Washington, D. C.

DEAR SIR: We dislike to bother you again in reference to the "tobacco tax," but it looks like some increase is coming. We trust you can be counted on as strongly opposing this.

We feel as if it would almost ruin the small manufacturers, who are now struggling hard to exist. Raw material in our business is from 50 to 70 per cent higher than seven years ago, and labor has increased about as much; with an increase in tax we fear we will be put out of business.

If you will raise your strong arm against this move we think all of your people will be benefited.

Yours, very truly,

HANCOCK BROS. & Co.

MARTINSVILLE, HENRY COUNTY, VA.,
July 7, 1909.

Hon. THOMAS S. MARTIN,
Senate Chamber, Washington, D. C.

DEAR SIR: We see in to-day's paper that on to-morrow (Thursday) further actions will be taken with the tobacco tax and we hasten to write and urge upon you to use your best influence against the increase. To have this tax increased from 6 to 8 cents per pound will be a great injury to the independent tobacco business, and we hope you, with all the help you can get, will defeat such a measure. Hoping to hear that this iniquitous measure has been defeated, and thanking you, we are,

Yours, very truly,

THE HENRY COUNTY TOBACCO CO.,
R. B. SEMPLE, President.

MARTINSVILLE, VA., July 7, 1909.

Senator THOMAS S. MARTIN,
Washington, D. C.

DEAR SIR: We see from to-day's paper that the Senate bill relative to the increase of tobacco tax will be considered to-morrow, the 8th. We earnestly ask you to use every possible effort to prevent this increase. As we see it, nothing would so seriously affect and injure the welfare of the independent factories, as well as the tobacco growers, as this increasing the tax. To make it plain to you, the average of leaf tobacco on the Danville market, which is the largest loose-leaf market in the United States, for the past three years has been just double what it was during the two years of the increased tax on plug tobacco to meet the expenses of the Spanish-American war. We believe you will do all you can to help us, and that you readily see the importance of acting promptly in the matter.

Thanking you in advance for your effort,

Yours, truly,

PENN & WATSON.

DANVILLE, VA., July 7, 1909.

Hon. THOMAS S. MARTIN,
Washington, D. C.

DEAR SIR: We see from the various reports in the newspapers there is a strong probability of the tax on manufactured tobacco being increased to 8 cents per pound. We wish to strongly and in the most emphatic way enter our protest against such action. To increase the tax will bring about changes in the style, etc., of manufactured tobacco, thus very greatly demoralizing the trade. We further feel that to increase the tax the burden would fall much heavier on the independent manufacturers than the trust, and it does seem to us that the independents in the field should not be punished for the sins of the trust. There is no question but that the supposed increase will seriously handicap the independent tobacco manufacturers, and we sincerely trust that you will use every endeavor to defeat same. Further, hope that you will take the matter up with the various Congressmen from this State and secure their support against the increase. We would much prefer seeing checks, drafts, deeds, etc., taxed, where the burden will be equally distributed; or why not tax automobiles, as the people who are in a position to buy same for pleasure are in a position to pay a good, stiff tax. A duplicate of this letter goes to Senator DANIEL by this mail.

Yours, very truly,

G. PENN SONS TOBACCO CO.,
By R. PENN, First Vice-President.

RICHMOND, VA., July 7, 1909.

Hon. THOMAS S. MARTIN,
Senator from Virginia.

DEAR SIR: In our opinion, any higher tax on tobacco at present would be very disastrous for the manufacturers. A higher tax is very uncalled for now, as we are oppressed with high prices for leaf and other material, and we beg of you to use your influence and vote to prevent any increase of tax or any change in packages, and save us from a further burden. Should any change be made for a higher tax it would, in our opinion, hurt the independent tobacco manufacturers more than the trust.

Yours, very respectfully,

JOSEPH G. DILL (INCORPORATED).
ADOLPH DILL, President.

LYNCHBURG, VA., April 14, 1909.

Hon. THOMAS S. MARTIN,
United States Senate, Washington, D. C.

DEAR SIR: We note in the tobacco schedule of the tariff bill as passed by the House that there is a considerable advance in the tax on little cigars. We also note that the tariff bill as reported to the Senate contains this same increase.

As the representative from our State, we wish to say to you that this increase of tax will work a great hardship on the manufacturer of little cigars, and we understand that it was an oversight on the part of the framers of the bill, which accounts for this being in the House and Senate bills.

As you are aware, the labor cost on little cigars is a great deal heavier than it is on paper cigarettes, and the Government has always made a difference of 54 cents per thousand in favor of the little cigars, the tax now being 54 cents per thousand on little cigars weighing less than 3 pounds to the thousand, and \$1.08 per thousand on paper cigarettes of the same weight.

The Booker Tobacco Company (Incorporated) is probably the largest manufacturer of little cigars outside of the American Tobacco Company, and as it is a home industry, and we work a large number of hands who would in part suffer along with us by this increase in tax, we write to ask you to do what you can to have the tax remain as it now is on little cigars.

Please advise us if you think it possible that you can do anything along this line, and if you think it will do any good for us to write to Senator ALDRICH, the chairman of the Senate committee. If so, kindly give us Senator ALDRICH's initials, as we think it is NELSON W. ALDRICH, but are not certain.

With kind regards from the writer, we are,

Very truly,

BOOKER TOBACCO COMPANY (INCORPORATED),
By W. J. MORRISSETT, Vice-President.

Mr. SIMMONS. Mr. President, in beginning my remarks I wish to say that it is not my purpose to enter upon a prolonged discussion of the amendment. I recognize the fact that at this stage of the discussion Senators are impatient of debate, and that there is a general desire on both sides of the Chamber that the bill shall be voted upon as early as possible—to-day, if possible. I further recognize the fact that Senators on the other side of the Chamber have made up their minds to pass this amendment, and that no protest or anything we may say upon this side of the Chamber will avail to defeat it. For that reason I shall content myself with stating the situation with reference to the tax as it occurs to me and as it has been presented to me by the tobacco interests of my State.

Mr. President, I wish to present briefly a number of protests that have reached me from my own State. These people have had no opportunity to appear before the committee, and the only way I can get their views before the Senate is by now presenting them.

First, I wish to repeat the protest which I made a few days ago against the summary way the tobacco interests were treated in connection with the hearings before the committee. Although this amendment was introduced some time ago, it was not taken up for consideration by the committee until a few days ago. It was then referred to a subcommittee. On account of the lateness of the session and the pressure to dispose of the bill, the committee was able to give to it only the most meager consideration. Speaking generally, it can be truthfully said that the great interests to be affected have had no adequate opportunity to present their views. No amendment proposed to this bill could more seriously affect an industry involved than this. It will place a burden of \$9,000,000, if adopted, upon the tobacco interest; and a few hours will cover the time devoted to the hearings. With respect to every other industry affected by this bill, the hearings, both in the House and the Senate, have been full. Everyone having anything to say has been given an opportunity to say it. Nor have they been hurried. I do not wish to complain, but I feel that circumstances justify me in protesting against this apparently unfair discrimination against one of the greatest industries in the South. But I have heretofore discussed in the Senate this injustice, and I will not further enlarge on it.

I wish now to present to the Senate certain resolutions from the tobacco boards of trade of my State, and some letters and telegrams from the independent tobacco manufacturers of my State. When I called these matters to the attention of a member of the subcommittee a few days ago, I was met with the statement that of course everybody who is interested in tobacco is opposed to the tax. I suppose the meaning of that statement is that the representations of persons who are engaged in the tobacco business are not entitled to any consideration in this body. I protest against that view of the question, as I protest against the meager opportunity which has been given the tobacco interests to be heard before the committee and before the Senate. When we were considering the other schedules, Senators on the other side of the Chamber not only recognized the right of interested parties to be heard, but they admitted upon the floor of the Senate that their schedules were based upon information and facts furnished by interested parties as to the cost of production, and as to the effect of the proposed legislation upon their interests.

I submit that the persons representing the tobacco interests, whether as manufacturers or as producers of tobacco, are entitled to be heard, and their statements are entitled to be received with the same degree of consideration and credit as the statements of persons interested in any other industry affected by the bill.

Believing, Mr. President, that the manufacturers and the producers of my State are entitled to be heard, and that their statements with reference to the effect of this legislation upon their business should be given proper consideration, I wish, as I said, to present the resolutions and representations.

I have here resolutions, which have been forwarded to me with the request that I should bring them to the attention of the Senate, from the tobacco board of trade of the city of Winston-Salem, N. C. I wish to say that Winston-Salem is probably the largest tobacco-manufacturing town in the South, and probably in the United States, unless St. Louis is larger; I do not think it is. There are more independent factories in Winston-Salem than in any other city in the country. Although I do not know the exact amount, I think that 20,000,000 pounds of leaf tobacco are annually sold in that market; and that constitutes only a fraction of the amount of leaf tobacco annually manufactured there. I shall not detain the Senate by reading the resolutions, but shall simply say that they are a most vigorous protest against this amendment on the part of the inde-

pendent manufacturers of that city, and of the tobacco board of trade, composed of some who are not manufacturers, but who are engaged in other lines of the tobacco business.

I will only read that part of the resolutions that refers to the 2-cent additional tax on tobacco and snuff:

RESOLUTIONS OF THE TOBACCO BOARD OF TRADE OF WINSTON-SALEM, N. C.

At a meeting of the Tobacco Board of Trade of Winston-Salem, N. C., held June 10, 1909, at 10 o'clock a. m., the following resolutions were adopted:

"Fourth. And whereas a bill has been introduced to increase the tax on manufactured tobacco, therefore we hereby offer our earnest protest against this proposed increase, as it will further demoralize business, injuring everyone connected with the trade—farmers, dealers, and manufacturers—and we hereby request that you use your best efforts against the passage of this bill."

TOBACCO BOARD OF TRADE,
Winston-Salem, N. C.
F. A. COLEMAN,
C. J. OGBURN,
H. C. NORFLEET,
Committee.

I also have, and wish to call to the attention of the Senate, resolutions passed by the Tobacco Board of Trade of the City of Wilson, N. C. Wilson is not a very large manufacturing town, but it is a large leaf market. There are some factories there, though not many. There is one large cigarette factory, I think, and probably one or two plug factories. But there are sold in the town of Wilson about 17,000,000 or 18,000,000 pounds of leaf tobacco. Most of their tobacco is cutter and filler tobacco, rather a low grade of tobacco. These resolutions, like the others, contain a vigorous protest against the part of this amendment which proposes to increase the tax upon manufactured tobacco and snuff from 6 to 8 cents per pound. It is to that part of the amendment that I am especially addressing myself. In fact, it is to that part of the amendment that I shall confine my remarks. And I wish to say here that when we come to vote I shall ask that the amendment be divided, so that we may have a separate vote on the provisions which increase the tax upon manufactured snuff and tobacco from 6 to 8 cents per pound.

I will not read these resolutions. It is sufficient to say that they are a vigorous protest against this tax and a denunciation of it as alike hurtful to the tobacco trade, the tobacco farmer, dealer, and manufacturer.

I now present resolutions passed by the Tobacco Board of Trade of Greenville, N. C. Greenville is another large tobacco market in my State. There are sold in Greenville somewhere near 15,000,000 pounds of tobacco a year; I believe that is correct. It is almost entirely tobacco used in making cigarettes and smoking tobacco. These resolutions, like the others, contain a vigorous protest against this part of the bill.

But I will not detain the Senate to read them. They are similar to those read before, and embody a protest against this proposed amendment.

I also present resolutions passed by the Tobacco Board of Trade of Rocky Mount, N. C., another large tobacco town in my State. I do not know exactly the amount of tobacco sold in Rocky Mount, but it is, I think, about the fourth largest tobacco market in my State.

I will not detain the Senate to read these resolutions. They contain a strong representation that this amendment will be hurtful to every tobacco interest—that of the farmer, dealer, and manufacturer.

I wish now to read a few letters, selected from many, addressed to me by independent tobacco manufacturers of my State. The first is a letter from the firm of Brown & Williamson, of the city of Winston-Salem. These gentlemen are, I believe, the largest independent plug manufacturers in the United States. I know them personally. They are men of the highest character and of broad business intelligence, and what they say upon the subject should be received by the Senate as a truthful statement of the effect of this legislation, as they see it, upon their business:

Hon. F. M. SIMMONS,
Washington, D. C.

DEAR SIR: We respectfully submit that as we are the largest independent manufacturers of flat-plug tobacco in the United States our unqualified protest against this measure, in which we feel sure we are joined by every other independent manufacturer of tobacco, is entitled to careful consideration.

The proposed increase of the internal-revenue tax on plug and smoking tobacco and snuff is a direct tax on the laboring class, who actually consume 90 per cent of all chewing tobacco and snuff and a large percentage of smoking tobacco.

Mr. President, I know that tobacco is spoken of as an article of luxury. I know that the idea prevails with some that it is chiefly consumed by the well to do, the rich, those who are able to pay a heavy tax without feeling it. But, as a matter of fact, as this great business firm states and as the representa-

tives who appeared before the subcommittee stated, 90 per cent of all the plug and smoking tobacco used in this country is used by the class of people to whom we usually refer as laborers. The percentage of men who use tobacco among this class is very great as compared with the percentage of men who use tobacco in the higher walks of life. Nearly every laboring man in the country, at least four-fifths, whether in the factory or on the farm or in the mine, uses tobacco in some form at some time during the day, either while he is at work or at night when his work is over. They use the cheaper grade of tobacco. They use the class of tobacco that will be most affected by this tax. And right here I wish to say that there is no law upon the statute books which, to my mind, is more unjust than this internal-revenue tax upon tobacco in its discrimination as to the different classes of tobacco. Nearly all of our schedules are made with reference to the value of the article upon which the tax is imposed. The tax upon tobacco is imposed without any reference to the value of the article.

It has been said here that at the present time burley tobacco is selling at a very high price. That is true. I think burley tobacco brings to-day from 16 to 18 cents a pound. The filler tobacco and the cutter tobacco, which are the kinds chiefly raised in my State and in Virginia, did not average last year over 8 cents a pound. And yet, Mr. President, the internal-revenue tax upon a pound of this 8-cent tobacco, which is the tobacco used by the common people of this country, is the same as the tax upon the burley tobacco, which sells for from 16 to 18 cents a pound.

It is the same upon this cheap tobacco as upon the highest grade of Sumatra. In effect the internal-revenue tax now laid upon the tobacco grown in my State is three times as much *ad valorem* as the tax upon the tobacco grown in the State of Kentucky and in some other States of the Union. I again return to the reading of the letter from Messrs. Brown & Williamson:

The proposed increase of the internal-revenue tax on plug and smoking tobacco and snuff is a direct tax on the laboring class, who actually consume 90 per cent of all chewing tobacco and snuff and a large percentage of the smoking tobacco.

This proposed bill would not affect the profits of the tobacco trust—

Mr. President, the one great argument that has been addressed to the Senate in favor of this proposition by its distinguished and brilliant author has been that it would in some way or other, by some mysterious working which nobody, I think, except the Senator himself has been able clearly to see, be a blow at the American tobacco trust, an institution that all of us would like to see abolished and suppressed. Here is this great independent manufacturer of my State, the largest producer of flat plug tobacco in the United States, a competitor of the trust, more interested in destroying the trust than the Senator from Indiana or any other Senator upon this floor, who says that this increase in tax would be a serious blow to the independent manufacturers, and that it would not hurt the trust.

I proceed with the reading:

This proposed bill would not affect the profits of the tobacco trust, but would put an additional burden on the independent manufacturer who is now fighting against tremendous odds, and this bill might prove the last straw to many of them.

Exactly. In the hearings before the subcommittee, independent manufacturer after independent manufacturer expressed his apprehension that if this amendment became law it would be a serious handicap to the weaker independent manufacturers, if it did not wipe out of existence altogether the majority of them.

In conclusion, these gentlemen say:

In conclusion, the proposed increase of 3 cents per pound on plug tobacco—

That was before the Committee on Finance reduced the amount to 2 cents—

And 6 cents per pound on snuff would be especially burdensome to the laboring man in the South and Southwest, which sections consume probably 75 per cent of the chewing tobacco and snuff used in the United States.

Mr. President, I present a letter from Taylor Brothers, another very large firm of independent manufacturers of plug and twist tobacco in my State. They say:

We understand there has been introduced in Congress by Senator BEVERIDGE a bill, known as H. R. 1438, to advance the tax on plug tobacco 3 cents a pound, making the tax 9 cents. We want you to oppose this advance, if you can conscientiously do so. It will disorganize trade. It will require that much more capital to do business. Such a measure will play directly into the hands of—

Of whom?—

of the tobacco trust.

The institution that the author of this bill says it strikes a blow at.

Such a measure will play directly into the hands of the tobacco trust, as they have unlimited capital to do business, and it would not

hurt them materially to advance the tax to the Government, as they sell the goods.

The truth of the business is if the Government wants to burst up the tobacco trust, the most effective way it could do it would be to take the tax off of tobacco entirely and all the restrictions as to its manufacture.

Mr. President, I do not unqualifiedly indorse that method. If we were ready to give up the revenue from tobacco, which we are not, Republican extravagance having brought about a condition in this country where we are not in a position to give up revenue from any source, it appears, without embarrassing the Treasury of the United States, but if we did not need the revenue from tobacco I have no doubt that this method would solve the problem growing out of the existence of the tobacco trust. If you would take all the tax off of tobacco it would force the dissolution of the tobacco trust or minimize its evils in the suppression of competition.

That would come nearer swamping the trust—

Says this writer—

than anything else that could be done.

This writer makes the point—and it is a good one—that when you increase the tax, you throw a greater burden upon the weak man in the tobacco business than you do upon the strong man; that instead of strengthening the weak man, as the author of this amendment claims is his purpose, the effect of this legislation will be to weaken the weak and strengthen the strong.

It requires only a moment's consideration to see the truth of that statement. The purchase of these stamps has to be made in advance. It requires a very large outlay of money. The man who can control unlimited money is not hampered and embarrassed by this additional imposition to the extent that the man is who is merely making a living out of his business.

But, Mr. President, I do not intend to elaborate this point, but merely emphasize it; and I shall not take any further time of the Senate upon it.

Mr. President, my colleague hands me a letter from another large independent manufacturing firm of Winston—Messrs. Bailey Brothers. I know that firm. They are entirely reliable. It is one of the largest in my State.

Mr. OVERMAN. One of the largest independents.

Mr. SIMMONS. One of the largest independents in my State. That is what I mean. I am now talking about the independent manufacturers. Here is what they say:

We are advised that there is a probability that the tax on manufactured tobacco will be increased to 8 cents.

We write to protest against any increase of the tax on manufactured tobacco. It will be more burdensome to the independent manufacturers than to the trust.

We are to strike a blow at the trust, according to the Senator from Indiana, but instead, as this letter shows, we are striking the weak competitors of the trust.

Any advance at this time would injure the independent tobacco manufacturer very seriously, and we believe greatly injure the tobacco raiser.

You will probably remember how low the price of leaf tobacco was when the tax was raised from 6 cents to 12 cents during the Spanish-American war. If you do not, it was so, and the manufactured tobacco trade was very dull.

When this matter was up the other day I expressed the apprehension, although at that time I had not investigated it, that if we increased the tax on tobacco one of its first effects would be to reduce the price of the raw material—leaf tobacco. I was not then prepared with figures, but here is a man of absolute business integrity, whose business it is to buy leaf tobacco and manufacture it, who states as a fact that when the tax was increased during the Spanish-American war from 6 to 12 cents, the effect was greatly to reduce the price of leaf tobacco, the product of the farm.

The letter continues:

We hope you will use your influence to the utmost to prevent this proposed advance, which we assure you will be very hurtful to the business in which we are engaged.

Mr. OVERMAN. I call my colleague's attention to the fact that that shows that when the tax was 12 cents the leaf tobacco, the raw material, was lower than when it was at 6. It has been stated upon the floor that the trust controls the price of the leaf.

Mr. SIMMONS. Yes; I want to discuss that.

Mr. OVERMAN. Therefore, to recoup themselves they reduce the price of the leaf, and the farmer is the man who suffers.

Mr. SIMMONS. Yes; I want to discuss that later for a few moments.

Mr. President, I present a telegram from Robert Harris & Bro., large manufacturers of tobacco at Reidsville, N. C., addressed to myself. It is as follows:

Increase in tobacco tax would prove most hurtful to independent interests. If consistent with your views, trust you will do all in your power to defeat increase.

My clerk has handed me since I began letters that have been received this morning from dealers in my State, which I wish to present to the Senate.

I am doing this, Mr. President, because, as I said a few days ago, these people had no sufficient opportunity to be heard before the committee as other interests had been given an opportunity during the consideration of this bill.

This letter reads as follows:

We are just advised that the proposed increased tax on tobacco will probably be embodied in the Senate tariff bill, and we again urge you to use your influence against this increase, which as previously explained will be an additional tax on the laboring man, and not only that, but will almost ruin our business, as our most popular style of goods could not be made in the shape it now is if this increase is put into effect by Congress.

The writer of this letter is not a representative of the tobacco trust, but is a competitor of the tobacco trust, speaking to Congress and appealing in behalf of his business, which he says this proposed legislation imperils.

Here is another letter—from Mr. Bohannon, a large manufacturer in my State—which has just been handed me by my clerk:

As an independent tobacco manufacturer of the fifth district of North Carolina, at Winston-Salem, I would most respectfully ask that you do all in your power to prevent the increase of tax on manufactured tobacco, as it will not only be a burden on the independent manufacturer, but in the end will be the greater burden on the producer, the farmer, who, as you know, has been burdened for years.

Mr. President, I am speaking here to-day for the producer more than I am speaking for the independent manufacturer. I am interested in the prosperity of the independent manufacturers of my State. They have violated no law. They are in no conspiracy against trade. They are as much oppressed by this conspiracy against trade as anybody else. I am speaking for them, of course. But, Mr. President, for every man engaged in the manufacture of tobacco in my State there are hundreds engaged in its production, and it is in the interest of the producers of tobacco that I speak chiefly here to-day.

This letter, from a man whose business it is to buy from the producer, tells the Senate that this legislation will be hurtful to the producers of tobacco, to the farmers, who have been burdened, says this letter, for years.

In line with Mr. Bohannon's letter, I want to read a telegram, of particular force and pertinence, from R. P. Richardson, Jr., & Co., independent manufacturers, of Reidsville, N. C. Here is what this firm says about this matter:

Any advance in tax rate will greatly injure the tobacco industry, particularly the growers.

I wish also, at the request of my colleague, to present the following letter, addressed to him by a large plug-manufacturing firm, Messrs. E. J. & A. G. Stafford, of Greensboro, N. C.:

HON. LEE S. OVERMAN,
Washington, D. C.

HONORABLE SIR: I notice an effort to increase the tax on manufactured tobacco from 6 to 8 cents per pound. Please do all you possibly can to prevent this increase. The independent manufacturers have all they can do to live at the present tax, and with the increased tax it will about put them out of business.

My opinion is, the trust will be delighted with the proposed increase, knowing it will be a blow at the independent manufacturer.

Do all you can for us. I am your friend and have the utmost confidence in you to take care of our interest. With kindest regards, I am,
Respectfully,

E. J. STAFFORD.

I have here a brief filed, at its request, before the subcommittee of the Committee on Finance, by one of the most interesting men I have had the pleasure of meeting in many a day, a man whose clearness of insight not only impressed me, but every member of the committee, when he was discussing this question before us. He is absolutely familiar with all the details of the tobacco business, and his comprehension of the subject was truly wonderful to me.

I am going to read copiously from it, because it is, to my mind, an exceedingly illuminating document upon this subject. It is an argument and a statement. Its reference is to cigars, but the argument applies equally to tobacco and snuff. Its author is Mr. Jacob Wertheim. He stated to the committee that he was the largest independent producer of cigars in this country. I think he said his firm produces annually 400,000,000 cigars. That is, I think, about one-fourteenth of all the cigars sold in this country. He is a manufacturer of many of the popular brands of cigars. He stated frankly to the committee that he appeared before them not in his own interest, because he said this legislation would not hurt him and like large manufacturers so much as it would hurt his weaker competitors, and that to the extent that it would weaken his competitors it would strengthen him in his competition with them; and that while he would be injured he could measurably recoup himself by the larger market he would find as the result of the forcing out of the trade by this legislation of his weaker competitors.

Mr. Wertheim is the president of the National Association of Cigar Manufacturers of America, and in that capacity he appeared before the subcommittee. He said that he was strong enough to protect himself, but he would have to do it at the expense of his weaker competitor, and his official duty required him to present the case from their standpoint and in their interests rather than his own, and he did it with great frankness and rare ability. He said so far as the American tobacco trust was concerned, this legislation in its final results would, in his opinion, be more beneficial than hurtful, but he said it was manifest to any man of business sense, familiar with the tobacco industry as it is now conducted in the country, that this legislation would be very harmful to the independent manufacturer and destructive to the weaker manufacturers.

He says:

I beg to state that I learned only late last evening of this hearing and have not been able to prepare myself at all to address you. The proposition before you, however, is so simple and to my mind so untenable that I do not fear but that I shall be able to convince you that the proposed increase in the tax on cigars from \$3 to \$3.60 per thousand should not be made.

Mr. President, the proposition to increase the tax on cigars has been abandoned by the committee as a result, I have no doubt, largely of Mr. Wertheim's argument; but the argument made by him against an increase of the tax on cigars holds with equal force and with equal pertinence against the increase in the tax on plug tobacco and smoking tobacco.

I appear before you to-day in a dual capacity. First, as president of the National Association of Cigar Manufacturers of America; and second, as president of the largest independent cigar-manufacturing corporation in the world.

I said a little while ago that Mr. Wertheim's firm was the largest independent manufacturer of cigars in the United States; it now appears that he is the largest in the world. He is the only man in this country, I believe, who can stand up and give the American Tobacco Company something like an interesting fight.

In the latter capacity my presence here, if anything, is a financial detriment to the company I represent, for I am firmly convinced that any increased tax on cigars will ultimately benefit my company.

Mr. Wertheim's company is a large concern, nearly as strong as the trust; and in the manufacture of cigars probably as strong as the trust.

But my duty to the Association of Cigar Manufacturers makes it imperative that I appear before you and attempt to point out to you the inadvisability of any increase in the internal-revenue tax on cigars.

Precedents of this kind have proven conclusively that any legislation that increased the cost of producing cigars has helped my business, to the detriment of the masses of smaller manufacturers with whom I have been and am competing.

In this statement Mr. Wertheim is not dealing in theory. He is not speculating; he is stating a fact. He is stating it in the presence of the independent manufacturers, fifteen or twenty of whom were around that board, every one of whom assented to his statement. He stated as a fact that experience shows that legislation increasing the tax had helped large businesses like his, but that it had been hurtful to the small competitor.

If this additional tax of 60 cents is imposed, it becomes my evident duty to the corporation that I represent to recoup myself.

Recoup himself! Of course, Mr. President. Does anybody suppose that if we increase this tax the tobacco manufacturer is going to take it out of his profits? Has any such argument as that been made with reference to the increase of any tax since we began the discussion of these schedules abounding in such increases? They are not paid by the manufacturer, as we all know. Somebody else, either the consumer or, if it is a manufacturer, the producer of his raw material, is the man who bears the tax burden.

It has been stated that when, during the Spanish war, the internal-revenue tax on tobacco was raised from 6 to 12 cents the price of tobacco did not fall; that the price to the consumer was not increased to that amount. I inquired about that at the Internal-Revenue Bureau, and I was told that no figures of that sort were there; that there was nothing there to show that the effect of the tax was not to impose an additional burden upon the consumer, in part, on the one side, and an additional burden upon the producer, in part, upon the other side.

The truth is, Mr. President, that if we increase this tax 2 cents, the manufacturer, whether the trust or the independent, will pass it on. The question is, Where will he pass it? That question was asked in the subcommittee of the intelligent gentlemen there representing the tobacco manufacturers. I myself asked it. In answer to that, and if I am not correct let some member of the committee correct me, not a single man there said that it would be passed to the consumer. Why? Because they said that that could not be well done on account of the conditions under which the tobacco trade is carried on. They said it would be passed on, but along the lines of the least

resistance, and that the resistance would be greatest in the direction of passing it to the consumer, because in the tobacco business the cigar and smoking tobacco trade had been built up on a system of packages of legally defined weights, and the plug business upon brands of fixed sizes, at prices based upon the currency system of the country, and this could not be changed without great demoralization and injury to the trade and the business.

Mr. President, hundreds of thousands, yea, millions, of dollars have been spent in exploiting and advertising these brands and packages, and in this way a market has been built up for a particular size package or a particular brand at a fixed price. The current of trade has fixed the price, and the price is regulated by the unit of currency in this country. There is a package of a certain weight which sells for 5 cents, another for 10 cents, and another for 25 cents. The size of the package and the price of the package are as much an asset of the manufacturer as any other part of his equipment. It is the same thing with reference to cigars. Cigar brands have been advertised at a certain price. They have acquired a clientele at a certain price. Here, for illustration, is a 5-cent cigar of a popular brand. Add 1 cent to that price and you destroy the selling quality and the popularity of that brand, created by long effort to introduce it and heavy expense in advertising it. They said, "We can not do it."

That was the uniform testimony. There was not a dissenting voice to that. For these reasons they said the increase would not be passed on to the consumer. They all agreed the manufacturer would not pay it if he could help himself. Then the question was asked, Who would have to pay it?

There was present before the committee a representative of the cigar workers' union. I do not know what the association is called, but he represented this union composed of men engaged in making cigars. I think he said there were twenty or thirty thousand laborers belonging to this association; I do not remember the number. There are 120,000 cigar workers, but there are only about twenty or thirty thousand of those who belong to the union. He was a very intelligent gentleman. He said that when the tax was raised on cigars during the Spanish-American war from \$3 to \$3.60, every cent of that tax was dumped upon the back of labor, and he added just as certain as this increase was made it would be unloaded on labor if it could be done.

He declared his organization was strong enough to protect itself to some extent, but that the seventy-odd thousand non-union cigars makers would suffer.

Now, what did the manufacturers present say about it? They said: "We will not put it all on labor; that would involve trouble. It would be resisted; it might possibly bring about a strike, and so forth, with its responsibility and disastrous effects on business; but we would doubtless put part of the loss on labor. That is the reason why we can not dump it all on labor." Where would you put the balance of it? To a man they answered, "On the grower. That is where we would meet the least resistance."

Mr. President, I speak for the people of twenty or twenty-five counties in my State in which the production of tobacco is their chief industry. They do not grow a high-priced tobacco. They do not realize, on an average, over 8 cents a pound for it—that is to say, the proposed tax will be equal to its value. This looks like a deliberate attempt to crush this great industry under a load of taxation. I protest against it, and I appeal to the fairness and sense of justice of the Senate and the country against it.

But let me return to this excellent brief of Mr. Wertheim. Continuing, he says:

Precedents of this kind have proven conclusively that any legislation that increased the cost of producing cigars has helped my business, to the detriment of the masses of smaller manufacturers with whom I have been and am competing. If this additional tax of 60 cents is imposed, it becomes my evident duty to the corporation that I represent to recoup myself and, if possible, to gain a further advantage from some source for this additional outlay.

In order to accomplish this object, I would naturally select the weakest point of resistance, which would be the cost of labor; after that, and probably together with it, the producer of the leaf tobacco would be compelled to bear his quota.

Owing to the peculiar conditions existing in the cigar trade by which the unit of the retail selling price of my product is either 5 or 10 cents, nothing in the way of securing from the public this increased rate of 60 cents is possible or advisable, as it is manifest that if I can get it out of labor and material I benefit my business at the expense of weaker competitors, and experience has shown me that this has uniformly been the ultimate result of any legislation tending toward an increased cost of my product.

Were your body to decide to increase the cigar tax by this additional 60 cents I should, as I have in the same manner met former increases, make no changes in my product or its price, but by a naturally increased output, the result of such measures, largely benefit at the expense of my smaller competitors, as well as the raisers of tobacco and the labor that makes my cigars.

But you can see at a glance that this policy benefits only the corporation that I represent or other similarly large ones, and at the expense

of thousands of other cigar manufacturers who make up the association of which I am president.

I should like to emphasize for the benefit of the committee the advantage which a wealthy corporation enjoys over small competitors in marketing its product. It is in position, because of the demand which it has created for its brand, virtually to compel retailers to handle them whether the profit be large or small. It is able to enforce many economies in production which to smaller concerns are impossible. As a large consumer of raw material it is frequently able to dictate the price it will pay for its leaf tobacco and other materials, and in the ratio that you decrease, by legislation or otherwise, the competition of its rivals who do not enjoy similar advantages, you enable it to dominate the labor market. Every factory forced out of business throws upon the market a certain number of operatives who at once become bidders for employment in my factory, thereby tending to reduce the wage cost of my product.

Mr. President, it sometimes will be difficult for a manufacturer to pass a tax to the producer of his raw material. But that is not the case, at least not to the same extent, with the tobacco manufacturer. Everybody, I believe, who has spoken upon this subject admits, and I think it is accepted as a fact, that the tobacco trust largely controls the price not only of manufactured tobacco, but of leaf tobacco as well—that it regulates and controls these prices to a very large extent.

If the burden of this increase in tax can be placed either upon the producer or upon the consumer, is it not reasonably certain that it will not be put on the consumer, if that would result, as all the testimony shows it would, in embarrassing the tobacco trade by disorganizing and demoralizing the business methods under which it has been built up and is conducted? Is it not apparent for these reasons that it would be thrown upon the producer of the leaf tobacco?

Mr. President, something has been said in this debate about a demand for this legislation. Who is demanding it? I have shown, I think, that no independent manufacturer has asked for it. If any Senator knows of any independent manufacturer who is asking for this increase of tax, I ask that he furnish the Senate with that information. On the contrary, I assert that there is not a single independent manufacturer in this country who is not against it. They are not asking for it. Nobody claims that the trust is asking for it. Surely the consumer is not asking for it. There is no reason why he should, unless it will reduce the price to him, and nobody claims that it will have that effect in any contingency.

Surely we can not impose this tax upon the ground that the people use too much tobacco and the habit should be discouraged, as the argument of the Senator from Indiana would seem to suggest when he emphasizes the fact that our people use three times as much per capita here as is used in France and six times as much as in Italy. I imagine no one would propose by taxation to correct the tobacco habit of our people. It may be a bad habit, but it is a fixed habit and one from which thousands and millions derive solace and comfort. It is not confined to any class of our people; but the poorer people use it, as statistics show, much more extensively and generally than the rich or even well to do. They use 90 per cent of all that is used. It is their greatest luxury. We have no right to legislate against their use of it, and it is an outrage to overtax a product of which they consume nine-tenths. They consume nearly all of our domestic tobacco, especially the cheaper grade, such as we raise in North Carolina and Virginia. The rich use the finer grades.

The kind of tobacco these poor people—laborers, tenants, and small farmers—use pays an ad valorem tax several times greater than the kind the rich use, and for that reason, as well as for the reason that the poor use nine-tenths of all the tobacco that we consume, the burden of this increased tax will be thrown on the man least able to bear it.

I repeat, Mr. President, the interest of the consumer is against this increase, and he does not ask it. From his standpoint there is no justification for it.

Are the producers of tobacco asking for this increase? Those producers who appeared before the committee opposed it. Many Senators have advised me that the growers in their States are not asking for it, and that those who have declared themselves to them have expressed opposition. If there be any Senator here from a tobacco-growing State who has a constituent who grows tobacco who asks or demands it, I ask him to rise here now and state that fact to the Senate. Mr. President, nobody rises and no one will rise.

Now, Mr. President, we have this state of facts: The manufacturer is not asking it, but opposing it; the consumer is not asking it, but opposing it; the producer is not asking it, but opposing it. These represent all the people of this country who have any interest in tobacco, either making it, manufacturing it, or ultimately disposing of it. Not one of them is here asking for this tax. Who is asking it? Of course I must concede that the Senator from Indiana [Mr. BEVERIDGE] is asking it, asking it with great zeal, with great persistence, with great aggressiveness, with brilliancy, even. I do not know of any other person

who asks it. At the eleventh hour the Committee on Finance has yielded to the importunities of the Senator from Indiana—for what purpose I do not know, but I have a suspicion. Be that as it may, they have yielded, and a sufficient majority of the other side of the Chamber will follow the committee to pass the amendment. They will vote for it, though some of them, to my knowledge, do not approve, and believe it is wrong, unjust, and unwise. But let that pass—it is politics. I have shown that nobody is asking for this increase of tax. The only remaining inquiry is, Does the Government need it, and should it be levied to meet that public demand?

I assert that it does not need it. When we first entered upon the discussion of the tariff question the Senator from Rhode Island [Mr. ALDRICH], in charge of this bill, having at his command the aid of all the clerical force and experts in the Treasury Department, having had that question thoroughly and fully investigated, stated upon the floor of the Senate that the bill, if passed as he had brought it in, would raise ample and abundant revenue to support the Government, to pay all of its legitimate expenses, and to wipe out the deficit. The bill is going to pass almost exactly as it was when the Senator from Rhode Island made that statement, for the committee has yielded little and been beaten but once or twice, and then on unimportant items. Several days ago, since the corporation-tax amendment was reported, the Senator from Rhode Island was again interrogated about this matter. He was asked if the bill as it then was, leaving out the corporation tax, would yield sufficient revenue for the purposes of the Government; and he answered that he was just as confident then as he was the day he made his first statement that, without the corporation tax, it would raise sufficient revenue to meet all the demands of the Government.

Mr. President, we have adopted the corporation-tax amendment, and it is agreed that it will yield an annual revenue of forty or fifty millions of dollars, and even if the Finance Committee is mistaken in the predictions I have referred to as having been made by its chairman, with this corporation tax the bill will beyond peradventure supply ample and abundant revenue to pay all expenses of the Government and to meet all financial contingencies. Why, then, impose this additional tax, nine-tenths of which will fall on the poorer classes of our people?

Mr. President, whatever may be its justice per se, I can not believe that any tax is a righteous tax unless the money which that tax will yield is needed to meet public expenses. A tax, I care not what is its purpose, that is not needed for the support of the Government, is a tyrannical tax. It is an exaction which no government—representative, monarchical, or despotic—has the right to levy upon the toil of its people or its subjects.

We have been told that tobacco in this country does not bear a heavy rate of tax compared with that imposed on it in other countries. Seventeen cents per pound, we are told, is the average tax, including the internal-revenue and the customs tax, borne by tobacco. That is the average, including the domestic and foreign leaf, including internal-revenue and import taxes. Not discriminating as to value and as to quality, that is the average. While the tax on domestic tobacco, compared with that of other countries, seems low, that on imported tobacco is high. Sumatra tobacco, which is used for wrappers, which is the finest class of tobacco, bears a customs tax of \$1.85 a pound, and an internal-revenue tax of 6 cents a pound, which equals \$1.91 a pound. No kind of foreign tobacco is admitted for less than 35 cents a pound, which, with the internal-revenue tax, will be 41 cents a pound.

The average tax upon the imported tobacco in this country is therefore probably 65 cents a pound. I do not pretend to speak accurately, but only approximately. That is a pretty steep tax, but the average is brought down because that part of our supply of tobacco that we raise, and it is by far the larger part of our consumption, only pays a tax of 6 cents.

Now, Mr. President, England does not allow tobacco to be grown in that country. It has not, since the days of Sir Walter Raleigh, allowed a single pound of tobacco to be grown upon her soil. Therefore all the tobacco which England taxes is imported tobacco. Compare the tax that we impose upon imported tobacco with the tax that England imposes and the difference will not be very great. England raises her revenue from a few articles, which she taxes heavily. Tobacco is one of them. She has no tobacco industry to consider. She treats it as a luxury, and puts on it all the tax she thinks the consumers of it will stand; and they stand a good deal, because the poor people do not use it to the same extent that they do here, where we consume three times as much per capita as they do.

Do protectionists think that in comparing our tobacco tax with that of England no consideration should be given to the fact that in this country we have a domestic industry and inter-

ests in which hundreds of thousands are interested and upon which the prosperity of great States is dependent? Do they think that should be left out of consideration, and that the only question to be determined in fixing the tax is how much will the appetites of the users of the article stand?

The tax imposed on tobacco by Italy, France, and Austria-Hungary is greater by far than we impose, if you consider the average on domestic and foreign leaf. But these countries have the regie system; that is, in them tobacco is a government monopoly. In a strict sense these Governments do not impose a tax on it at all. They do not allow anyone else to sell it, and they charge as large a profit on it as it will bear. These countries do not raise it, and the people do not use it to the extent that our people do. France does not allow one man to raise more than a few acres of it, and only a limited number of acres is allowed to be planted in tobacco in that country. It sells the right to plant tobacco. France uses only about one-third per capita as much as we use, while Italy uses only one-sixth per capita as much as we. Tobacco is not a domestic industry in those countries. They consume imported tobacco.

The tax we impose on imported tobacco is not much below the profits those Governments exact under their monopoly system. It is manifest that under these circumstances no just comparison can be made between those countries and ours in this matter.

Mr. President, there is much more I would like to say upon this interesting subject; but I promised, out of consideration for the desire of Senators for a vote, that I would not consume unnecessary time, and I will keep that promise by not further trespassing upon the patience of the Senate. I am greatly indebted to the Senators for the attention they have given me.

The VICE-PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Utah [Mr. SMOOT].

Mr. BAILEY. Mr. President, the Senator from Virginia [Mr. DANIEL] has been called out for a moment, but he did not want a vote taken on the pending amendment until he could submit some observations. I have no desire to address the Senate myself, but I will occupy the floor until the Senator from Virginia can return to the Chamber.

Mr. President, this is rather an odd proposition to come from a Republican Finance Committee in 1909, when I remember that a Republican Finance Committee in 1888 solemnly proposed to repeal the entire internal-revenue tax on tobacco; and I am not certain but what the Senator from Rhode Island [Mr. ALDRICH] was then in charge of that proposition. The Democratic majority in the House sent a tariff bill over to the Senate, and the Senate, being Republican, and the Senator from Rhode Island, then, as now, being the specialist on the tariff question, had charge of the substitute reported by the Republican majority, and he proposed then to repeal all the internal-revenue taxes on tobacco.

The Senator from Rhode Island is trying his best not to hear what I am saying, because the Senator from Rhode Island does not like to be reminded of these inconsistencies. I do him the justice to say, however, that I do not think he has any more sympathy with this tobacco tax than he had with that corporation tax; but times change and men change with them; and so this same Senator from Rhode Island, who was so stoutly demanding the repeal of the tobacco tax in 1888, is now demanding an increase of that same tobacco tax. When the Senator gets the RECORD, I hope he will give me the benefit of it, because I am speaking merely from my recollection, and I may be mistaken. I had no thought of taking the floor, and only take it to hold it, as I explained in the beginning; but I think that my statement will be found to be correct.

At that time the Republican party was confronted with a plethora of Treasury. The Government was collecting too much money, and the people were demanding a reduction of these collections. The Republican party naturally preferred to take the tax off of everything else before they reduced it on any of the tariff schedules; and so, in order to avoid the unanswerable arguments in favor of reducing tariff duties, they proposed the abolition of the tobacco tax.

The Senator from Rhode Island and his associates are in this attitude: Having prepared a tariff bill, which they have repeatedly assured the Senate will, of itself and alone, provide sufficient revenue, and having been dragged into the support of an amendment which the President estimates will raise \$25,000,000, and which, in my judgment, will come very near raising twice that amount; and thus, with a surplus of somewhere between twenty-five and forty million dollars, if the President is right about the amount to be raised under the corporation tax and if the Senator from Rhode Island is right about the amount which the bill will raise, you propose to supplement and aggravate this Treasury surplus of well-nigh

\$50,000,000 by increasing the tax on the poor man's tobacco until you collect an additional twelve or fifteen million dollars.

Mr. President, it will not do to say that this tax on tobacco is a voluntary tax. While in a sense that is true, it happens that almost every man in this country is a volunteer in the army of taxpayers. Nine men out of ten use tobacco in one form or another, and this is simply a proposition to increase the burden of those nine men out of every ten.

The other day the Senator from South Carolina [Mr. TILLMAN] offered an amendment to levy a tax of 10 cents per pound on tea. I supported that proposition cordially and with alacrity, for two reasons. In the first place, it seemed an ideal revenue article, because it would come so near putting into the Public Treasury all that it would take from the pockets of the people that I considered it my duty as a Democrat to support it; but I found very little assistance on the other side of the Chamber. Senators over there refused to raise \$9,000,000 on an article that not one man in ten uses, and the tenth man who uses it is well able to pay the tax; but now they turn about and propose to raise \$12,000,000 on an article that nine men out of every ten use, and half of those who use it are not able to pay an additional tax.

Mr. President, whether it ought to be so or not, the very poor people of this country are the ones who find the greatest comfort in tobacco. It seemed to me a cruel outrage as I heard them read out a proposition to increase the tax on snuff. Perhaps no woman ought to use it, but some good women do use it; and the misery of it is that those who use it are generally the poorest of our country. As for my part, I would just as soon a woman would dip snuff as to smoke cigarettes.

I do not see much difference in the two habits. I think one just as bad as the other; but whether a woman ought to dip snuff or not, some women do it, or else there would be no snuff sold and no tax collected. I repeat that those who use it are the women in the very humblest walks of life, who can ill afford to pay any tax at all, not to speak of this additional tax.

More than that, Mr. President, I undertake to say that, as to the poorest class of our working people, tobacco, next to clothing and meat, constitutes about the largest item in the year's expense account, yet you, Senators, who have refused to tax the abundant incomes of millionaires are not content to leave the poor man go free of your additional burden, and you now propose to assess him upon his appetite for tobacco an increase of 33½ per cent. If the American people submit to that outrage, I for one will admit that they ought to have injustice inflicted upon them.

You Republicans think you dare do anything now, because you think the country is afraid of the Democratic party. I fear the country is afraid of us. If not, they would have turned you out long ago. [Laughter.] But mark my words: You can proceed too far. You can multiply the burdens until the people will rise up in their righteous wrath and drive you from the high places whose powers you have abused. Even if they do not think we are as wise as we ought to be, they will after a while reach the conclusion that it is better to be governed by fools than it is to be governed by rascals. [Laughter.] And I warn you that you tempt your fate too far when, having refused to exact anything from the abundant incomes of the rich, you lay a still heavier exaction upon the tobacco of the poor.

Mr. President, I see that the Senator from Virginia [Mr. DANIEL] is now in his seat; and I yield the floor to him.

Mr. DANIEL. Mr. President, nothing but an imperious and exacting sense of duty could actuate me at this late hour of the session in attempting to impress upon the minds of my colleagues of the Senate some views respecting the tax upon tobacco.

I know how the nerves and faculties of all the Senators have been taxed. I am in deep sympathy with them. There is a concurrence of opinion as to their tolls and exertions in which there will be no division. I am a fellow-sufferer, and I much dislike to tax their patience even for a moment. But this is an exceedingly grave matter, one that comes home to the business and to the bosoms of a great mass of the hard-working people of the country, who will first feel any unnecessary burden which was imposed upon the subject-matter of this amendment.

RAW MATERIALS, LABOR, AND TAXATION AS FIXED CHARGES.

Raw materials, labor, and taxation are three fixed charges, constant and heavy on those who deal in any manufacturing business. This is the case of none more than those who deal either in making tobacco out of the earth or in handling it for the market. This remark applies to cigars, to plug tobacco, to all the branches of the tobacco trade in its fundamental relation to those who lay the sill and build the structure from the bottom. This burden would strike instantly the independent manufacturers, the laborers in manufacture, and the farmers producing tobacco.

INCREASED TAXATION ON TOBACCO IS A BLOW AGAINST INDEPENDENT MANUFACTURERS AND WOULD INCREASE LARGELY THE NECESSARY CAPITAL.

In the first place, I think, it would be wise for the Senate to reflect that if it increases the tax from 6 cents to 8 cents per pound on smoking and plug tobacco and the varieties of their manufacture, it will immediately impose a very heavy burden on those independent operators and manufacturers who are struggling against odds and are trying to maintain themselves as American citizens in an independent business. It will increase by at least \$40,000 the amount of capital necessary for operation in the case of every manufacturer who puts up as much as 2,000,000 pounds of tobacco annually. And just as you increase the number of pounds of tobacco, you increase the capital with which the manufacturer is bound to be provided and which he is bound to handle and to use in order to keep life in his business.

TESTIMONY OF THE PRESIDENT OF THE NATIONAL ASSOCIATION OF CIGAR MANUFACTURERS OF AMERICA.

We had before us in the subcommittee, which had two hasty meetings several days ago, a gentleman from New York named Jacob Wertheim. You can see from his testimony the operation of the bill if it is passed in this form just like the movement of the works of a watch under a glass case. He tells with great candor and with great precision, exactly what would happen. I propose to read some of his remarks, because they illuminate the fundamental principles of political economy which will be immediately and destructively set in motion against all the subjects they apply to. This gentleman is president of the Association of Cigar Manufacturers, and he speaks from the standpoint of a cigar manufacturer. But what he says applies just as much to other branches of the trade as it does to this one. He says:

Precedents of this kind have proven conclusively that any legislation that increased the cost of producing cigars has helped my business to the detriment of the masses of smaller manufacturers with whom I have been and am competing.

This has been notoriously, visibly, and ostentatiously displayed in the tobacco trade. The independents have been withering, competition has been made more difficult, and a colossal trust has arisen largely out of the discriminations of taxation, though I do not say that is the sole cause.

If this additional tax of 60 cents is imposed—

THE LARGER CORPORATIONS, WHO PAY INCREASED TAX, WILL RECOUP ON LABORERS AND PRODUCERS, THE WEAKEST POINT OF RESISTANCE.

Mr. Wertheim was speaking of cigars. It was proposed to add 60 cents to the \$3 tax on cigars, which has happily been dispensed with by the committee. But as an illustration of the essential political economy of the case, I read these remarks:

It becomes my evident duty to the corporation that I represent to recoup it and, if possible, to gain a further advantage from some source for this additional outlay.

How would that corporation conduct itself?

Says Mr. Wertheim:

In order to accomplish this object, I would naturally select the weakest point of resistance, which would be the cost of labor; after that, and probably together with it, the producer of the leaf tobacco would be compelled to bear his quota.

THE CONSUMERS OF ESTABLISHED BRANDS WOULD GET THEM NO CHEAPER.

It would be natural to suppose, and in many cases it would be true, that the consumers of the article would immediately feel the increased burden. But if you understand the maxim of the tobacco trade, the value of its brands, and the necessity of its keeping up an article that has once become celebrated and known to the taste of the market, you will see that that is the last point that yields in the pressure of these new burdens.

THE OLD, OLD STORY OF STRENGTH AGAINST WEAKNESS—SMALLER COMPETITORS, LABORERS, AND PRODUCERS TO BE PUSHED TO THE WALL.

This writer, who testified under oath in a very intelligent manner before the subcommittee, says:

Owing to the peculiar conditions existing in the cigar trade by which the unit of the retail selling price of my product is either 5 or 10 cents, nothing in the way of securing from the public this increased rate of 60 cents is possible or advisable, as it is manifest that if I can get it out of labor and material I benefit my business at the expense of weaker competitors, and experience has shown me that this has uniformly been the ultimate result of any legislation tending toward an increased cost of my product.

The product that he is referring to is the small 5-cent cigar. He then says:

Were your body to decide to increase the cigar tax by this additional 60 cents—

Which I am glad to say it has not done—

I should, as I have in the same manner met former increases, make no changes in my products or its price, but, by a naturally increased output, the result of such measures, largely benefit at the expense of my smaller competitors, as well as the raisers of tobacco and the labor that makes my cigars.

QUICK SALES IN LARGE QUANTITIES.

The maxim of trade used to be "Quick sales and small profits." In these days of great concerns, of pervasive and extended establishments, the maxim of trade is, "Quick sales in large quantities." The small profit on the great multitude of transactions is the pivotal point in the foundation, the preservation, and the prosperity of the great magnate concerns of the country.

SAYS CORPORATIONS ONLY HELPED AT EXPENSE OF THOUSANDS.

He adds what the trusts might as well say out of their own mouths:

You can see at a glance that this policy benefits only the corporation that I represent, or other similarly large ones—

At whose expense? He replies—

At the expense of thousands of other cigar manufacturers who make up the association of which I am president.

THE POWERFUL POSITION OF GREAT WEALTH TO DICTATE.

He descants for a moment upon the advantage occupied in trade by the stupendous corporation. He says:

I should like to emphasize for the benefit of the committee the advantage which a wealthy corporation enjoys over small competitors in marketing its product. It is in position, because of the demand which it has created for its brand, virtually to compel retailers to handle them whether the profit be large or small. It is able to enforce many economies in production which to smaller concerns are impossible.

And here is a basic fact which should be pondered by Congress, which shows how wealth can dominate and repress competition through the means of the tax that is contemplated.

The witness says:

As a large consumer of raw material, the "great rich corporation" is frequently able to dictate the price it will pay for its leaf tobacco and other materials; and in the ratio that you decrease, by legislation or otherwise, the competition of its rivals who do not enjoy similar advantages, you enable it to dominate the labor market.

FACTORY MEN FORCED OUT OF BUSINESS OR THROWN ON THE MARKET.

Every factory forced out of business—

And the policy of this bill is to force out the weaker competitors—

Every factory forced out of business throws upon the market a certain number of operators, who at once become bidders for employment in my factory, thereby tending to reduce the wage-cost of my product.

This little essay of testimony from Mr. Wertheim is so full of meat that it is a better speech than I could compose upon the subject. Hence I have tried to emphasize the various sentences with which he has exfoliated and made visible to the mind the workings of the mechanism that would be put into operation by this oppressive bill.

HEAVY TAX ON TOBACCO TRADE.

Mr. Wertheim continues:

The suggestion has been made that the tobacco industry of the United States is not taxed at a rate commensurate with the burdens placed on other industries. In this connection I beg to call your attention to the fact, using my own product as an illustration, that aside from the \$3 per thousand that I pay as an internal-revenue tax, amounting in rough figures to \$1,200,000, I pay an import tax on the material I consume for this quantity of cigars of an average of \$5 per thousand, making another \$2,000,000, forming a total of \$3,200,000, equal to an average of \$8 per thousand, and which, marketed at an average net selling price of about \$31 per thousand, gives a total ad valorem of over 25 per cent. This percentage is, if anything, smaller than what is paid per thousand by my numerous competitors, whose cost of raw material is naturally high on the market.

THE GREAT PRODUCING AND TAXING STATES.

Nearly fifty millions a year is derived from tobacco revenues. Is not that enough? Its contributors think so.

There are 38 States and Territories interested in the tax on tobacco, embracing 65 collection districts.

Florida, Illinois, Kentucky, Maryland, Michigan, Missouri, New Jersey, New York, North Carolina, Ohio, Pennsylvania, and Virginia, 12 in number, each pay over a million dollars annually into our Treasury.

Forty-nine million eight hundred and sixty-two thousand seven hundred and fifty-four dollars and twenty-six cents was the net amount paid for the fiscal year ending June 30, 1908. And several of the States paid several millions each. See Report of Commissioner of Internal Revenue for 1908, pages 133-139.

The total production of manufactured tobacco, not including snuff, by States producing not less than 6,000,000 pounds each per annum, as given by the Internal Revenue Commissioner for 1908, was as follows:

Missouri	71,212,212
North Carolina	65,502,107
Kentucky	45,219,830
Ohio	34,795,641
Virginia	28,111,558
New Jersey	24,844,980
Michigan	20,546,289
Illinois	18,538,313
Maryland	16,034,298
New York	12,201,604
West Virginia	6,993,456

Snuff was manufactured in 26 districts, the total production amounting to 24,175,219 pounds, a decrease of 1,940,066 pounds over the previous year.

The greatest revenue-paying States on tobaccos of all kinds are:

Illinois	\$2,265,934.28
Indiana	895,101.18
Kentucky	2,776,998.01
Michigan	2,179,060.95
Missouri	4,382,911.66
New Jersey	3,388,998.18
New York	8,707,866.90
North Carolina	4,266,969.81
Pennsylvania	6,238,143.54
Virginia	3,521,728.70

The amounts respectively paid by the States and Territories are as the Commissioner of Internal Revenue states in the report quoted, page 139.

States, and districts in States.	Total collections on tobacco.
Alabama	\$18,070.77
Arkansas	6,187.61
California:	
First	288,277.90
Fourth	33,640.39
Colorado	72,236.69
Connecticut	242,868.65
Florida	1,012,265.84
Georgia	25,476.54
Hawaii	2,419.96
Illinois:	
First	1,891,042.16
Fifth	81,067.22
Eighth	237,720.07
Thirteenth	66,104.83
Indiana:	
Sixth	235,277.04
Seventh	159,824.09
Iowa:	
Third	107,627.92
Fourth	234,734.55
Kansas	78,544.00
Kentucky:	
Second	111,152.57
Fifth	2,374,064.85
Sixth	233,765.46
Seventh	55,636.19
Eighth	2,378.94
Louisiana	571,002.74
Maryland	1,496,115.90
Massachusetts	661,373.31
Michigan:	
First	1,962,604.24
Fourth	216,456.71
Minnesota	236,593.28
Missouri:	
First	4,312,671.35
Sixth	70,240.31
Montana	43,448.05
Nebraska	89,829.39
New Hampshire	102,016.43
New Jersey:	
First	161,655.26
Fifth	3,227,342.92
New Mexico	7,673.38
New York:	
First	1,068,804.98
Second	3,086,963.20
Third	3,188,918.21
Fourteenth	502,739.80
Twenty-first	645,068.88
Twenty-eighth	235,346.83
North Carolina:	
Fourth	2,106,466.78
Fifth	2,169,508.03
North and South Dakota	33,788.18
Ohio:	
First	2,464,059.77
Tenth	421,339.34
Eleventh	708,712.61
Eighteenth	563,001.68
Oregon	27,225.23
Pennsylvania:	
First	2,572,511.78
Ninth	2,219,705.02
Twelfth	321,257.04
Twenty-third	1,124,609.70
South Carolina	76,939.61
Tennessee	515,176.32
Texas:	
Third	137,540.86
Fourth	14,338.61
Virginia:	
Second	3,126,694.31
Sixth	395,034.39
Washington	46,172.04
West Virginia	793,129.16
Wisconsin:	
First	560,174.52
Second	127,089.87
Total	49,862,754.20

AMENDMENT MOVED TO REDUCE THE PROPOSED TOBACCO TAX FROM 8 CENTS PER POUND TO EXISTING FIGURE OF 6 CENTS.

Now I shall move to strike out the word "eight" and insert "six" in two paragraphs of the pending amendment.

The VICE-PRESIDENT. Will the Senator indicate the line?

Mr. DANIEL. I will in a moment. On page 3, line 15, the paragraph which I propose to amend places a tax—

On snuff, manufactured of tobacco or any substitute for tobacco, ground, dry, damp, pickled, scented, or otherwise, of all descriptions, when prepared for use, a tax of 8 cents per pound.

In line 18, on page 3, I move to strike out "eight" and insert "six."

The paragraph is:

On all chewing and smoking tobacco, fine-cut, cavendish, plug, or twist, cut or granulated, of every description; on tobacco twisted by hand or reduced into a condition to be consumed, or in any manner other than the ordinary mode of drying and curing, prepared for sale or consumption, even if prepared without the use of any machine or instrument, and without being pressed or sweetened; and on all fine-cut shorts and refuse scraps, clippings, cuttings, and sweepings of tobacco, a tax of 8 cents per pound.

I shall move there also to strike out "eight" and to insert "six."

These are possibly the best attainable betterments of this bill in sight, else I might add other proposed amendments, and would.

HEAVY BURDENS ON THE TOBACCO FARMERS—THEIR HARD AND LONG LABORS.

Mr. President, there are no farmers in the country, if we begin at the bottom of this case, with the toilers in the field, who produce the raw tobacco that goes to market, who have more charges to pay or more concerns and different agencies and instrumentalities operating upon them than the tobacco growers. Take a plain tiller of the soil in Virginia, in Maryland, and in Pennsylvania, Ohio, or Kentucky. He first has to lay out his acreage and to plant his tobacco. During a period of thirteen months before that tobacco is matured for market it is the constant source of his care and the constant occupation of his labor. In the meantime he is paying the tax upon his land. He is one of our domestic operators and fellow-citizens who generally lives at his own home, a species of citizen to be cherished, held up, and commended by his countrymen. It is the men of that class upon whom falls largely the burden of the defense of the country. If an enemy attacks us, they bear the first roll of the drum and offer their lives and fortunes in our defense. There is no just motive of statesmanship which can actuate any party in heaping upon them such burdens as place them beyond the pale of competition and make them absolutely subject to those who are using the material they produce to build up colossal fortunes.

Let us take this farmer, who is occupied thirteen months at a time in a business where the moth and rust do corrupt—in the tobacco worm or in an adverse season—in a business in which he takes all the chances that flesh is heir to, including elements of nature and a changeable condition of affairs, which he can not control. He has next to get his tobacco to market.

THE MONOPOLIES OF EUROPE AND THE REGIE AGENTS OF THE MONARCHS.

Just in this connection my distinguished friend, the Senator from Indiana, suggests that we are not paying as much tax on tobacco in this country as the great nations of Europe are exacting out of tobacco in their countries. Those are paternal, patriarchal nations, not modeled upon any system that is in vogue in America, not modeled upon any system of government dependent upon the rights of man, where the people have enthroned themselves as sovereigns. They are the agents of emperors and kings, who rule Europe somewhat as they did in the middle ages. Nowadays they enter into industries and create monopoly by law to gather unto themselves the honey which has been made by American bees in their republican hives, so far as it is permitted to operate. The European monopolies send to this country their "regie" agents, or "buyers," as they are called. The principals—the European monopolists—buy through them, and deal out our tobacco to their people and charge just what they please for it.

This is a poor model to hold up for American imitation. The foreign brand of oppression ought not to live in this atmosphere.

ALLOTING THE AMERICAN SOIL.

These agents of the regies go to the tobacco section. They plan with a map before them as generals plan battles. They divide out that section. One of them will bid only in a certain territory. They allot to themselves the American soil, which belongs to its people, and they pasture upon such lands as their allotment and combination may appoint unto themselves. They are squatter sovereigns, assisted sometimes by the trusts—they who are only shadows of monopolistic names. They

divide and rend and destroy the American garment, and we are told here by my distinguished friend the Senator from Indiana they are the people for us to pattern after in their exactions. God forbid! Is the helpless pauper man of Europe to become the pattern of American serfs?

LAND TAX, FREIGHT TAX, WHOLESALE AND RETAIL TAX.

Mr. President, the farmer has his land. It is his land, a thing held sacred in our Anglo-Saxon system of jurisprudence. His home is his castle, which the king can not enter, but which any king of Europe who has a flourishing monopoly in his kingdom may send his viceroy over here to divide up and allot unto himself. This system has been illustrated in too many pamphlets, in too many speeches, for me to repeat it more definitely than I have done. I have simply summed it up.

Now, then, at home the farmer has to pay his county tax on his land; he has to pay his state tax on his land. Those who deal in his product for manufacture already pay, and have long paid, a heavy tax. His is a property open to the naked eye and which can not be juggled, which can not be hidden, and taxation is just as sure as the days run around and the maturity of payment comes.

Mr. President, before that tobacco gets into the markets of the world it has to pay certain other charges of our modern system. It has to pay the distance freight—that is to say, the freight of travel. That is an irregular, unscientific charge. The maxim of railroads at one time was to charge what they could get, charge what the traffic would bear, and they did proceed to put up all the charge on the course of our domestic products to market that the people would stand for or submit to. We have, to a degree, and especially with respect to rebates, moderated, improved, and to a certain extent reformed the old system; but, Mr. President, it remains, in large extent, at the disposition of the railroads to charge, without any very strict restraint and often without any charge appointed by law, what they can get, and the tobacco farmers often are, or may be, the most heavily imposed upon of their customers.

Besides the land tax at home and the freight tax toward market, the tobacco producer has to deal with our internal-revenue tax, with the wholesale and the retail traders of the country. That is a subject-matter which has not been one of close investigation by this or by any Congress. But there are more charges yet coming.

THE ENGLISH CUSTOMS TAX.

Before our tobacco can land on English soil it has to pay a tax of 76 cents a pound, many times more than it cost, many times more than our producer here in this country can hope to get for it by selling in any market. It is generally his vendee who arrives in Europe, or consigns the tobacco there, who in the various countries meets charges of this kind. But before he, or the man who derived it from him, can land his tobacco on the English shore, he must pay a tax down, cash, of 76 cents a pound.

THE FOREIGN COMMISSION MERCHANT'S CHARGES AND THE BROKER'S ILLICIT CHARGE.

When this 76 cents a pound has been disposed of, the owner of the tobacco is necessarily in the hands of the commission merchant of Liverpool, of Birmingham, of London, or some other tobacco market. When he gets into the hands of the commission merchant, he has to pay his commissions and storage charges. A system exists in Great Britain which is not one of legitimate trade. It is this: Go to the commission merchant's place of business in England, and there you will find him provided with various tables and receptacles for the temporary housing of the samples of the various tobaccos from America or elsewhere which are in his hands for sale. You can go there and handle them with your hands, examine their color and their quality, and make up your mind as to their merit. Now, then, who sells those tobaccos?

THE FOREIGN BROKER'S CHARGES ARE ALL MADE AGAINST THE AMERICAN CONSIGNOR.

The commission merchant is visited by tobacco brokers, and I want this fact to be understood, for it is a most material fact in the marketing of our American tobaccos. I am familiar with it. The brokers examine the tobacco; and I have seen it done and gone through, and with my eyes witnessed the process, and with my ears heard their own account of it. You will find in the proceedings of the Industrial Commission a report on this subject by Judge EDWARD W. SAUNDERS, now a Member of the House of Representatives from my State and a highly intelligent gentleman, in which this system is recounted.

I am personally conscious of its truth. There is a cask of tobacco. It is to be sold. What price? That is asked by the broker of the commission merchant. Who is the broker? He is the agent of the English manufacturer who wants to buy

the tobacco. When he has selected the tobacco for his manufacturing client and has come to a conclusion with the commission merchant as to the price he will take for it, there is a separate charge for his service. It is half a pound in English money, or about two dollars and a half a cask in ours. This is the charge whether the tobacco be fine or whether it be common. It is paid over to that broker of the English manufacturer who is buying, and the brokerage is charged against the American consignor and owner of the tobacco. So, by the illicit system, the broker who negotiates with the English commission merchant has an interest to sell quickly and get his broker's fee of about \$2.50. He has no interest in the price he gets, with the exception that the buyer he acts for is his "client," and he is without interest to serve the man who pays him.

It is a species of double-facedness, of constructive and venal duplicity, of illegitimate and vicious character, of jugglery in traffic, which would not be tolerated in a high English court. Quite similar transactions have been overthrown in English courts and by the House of Lords. The agent of the American owner of the tobacco and the intermediary for the English manufacturer is one and the same man, facing both ways, getting pay from the American owner for what he does for the man who buys. I do not know that our State Department can do anything for our people in this respect, but it is an egregious wrong, fraudulent either in law or equity, and unendurable as a method of trade.

THE AMERICAN FARMER ON HIS WAY TO MARKET.

Now, Mr. President, these are some of the adventures of an American tobacco producer on his way to market. He has a heavy road to travel with his produce. The common carriers of the country get their consideration. Of course it presses back on the producer, and reduces the amount that finally reaches him.

The ocean carrier gets another charge upon him. The English and other custom-house officials meet him at the shore and charge him for the privilege of selling—76 cents in England and other large prices in other places. I need not go through the statistics. After he has gone through all of these adventures, he is sold out by a man who represents the other side and is making all he can by plucking the American greenhorn, as he usually considers him, to the utmost extent of his power. If you will open the Industrial Commission Report and think this a slightly thing to look upon, you can satisfy your curiosity.

NO POLITICS AND NO PLATFORM BEARS ON THE SUBJECT.

Now, Mr. President, we are before the United States. We ask our Government to be fair and equitable in their consideration of the tillers of the soil of this land. There is no politics whatever in this measure. A Republican is just as free to vote for it as a Democrat. There is no platform anywhere that calls for any such measure. There is no principle anywhere that calls for any such measure.

There is no expediency in the public policy of this country or in the policy of any party in this country to call for this measure. There has been no voice of the people of the United States resounding up to the halls of Congress asking for this measure.

THE VIEWS OF THE SENIOR SENATOR FROM INDIANA—THE EFFECT OF HIS PROPOSITION PUTS THE BURDEN ON LABORERS, TOBACCO FARMERS, AND INDEPENDENTS.

My distinguished friend from Indiana [Mr. BEVERIDGE], whose discourses I read with pleasure, whose diligence and whose great intelligence are often manifested upon this floor, has started out in a campaign against the trust. The target that he nominally shoots at is the trust. The target that is struck is right at the muzzle of his gun. He can not miss it. It is the American farmer, the American workman, and the American independent. There is no doubt about that. He must shoot through and mutilate this trinity of victims before he can reach the trusts.

MEN DO NOT PAY TAXES THAT STAY PAID IF THEY CAN PUSH THEM OVER ON OTHER SHOULDERS.

The trust does not care anything about this tax particularly, certainly nothing that I know of or have heard of. If you levy it, it will just pay it and it will pass it on to the burden bearer close by. No ordinary man pays a tax that he can transfer by the operations of trade as a burden over upon another. If any great big rich concern has ever ultimately paid a tax it could "pass on," it was not caught at it or charged with it. There is no doubt of the fact that every trust and every great rich operator in this country has the power to transfer the tax immediately to three different classes of your most independent and worthy American business men.

THE MEN TO STAND BY.

The first class is the independent American manufacturer. Whenever you see an independent man anywhere standing up on his own feet and making his fight for life, you see a spectacle for the gods. It is a spectacle, too, which every honest and high-spirited man should honor and respect and hold up in the brave fight against an embattled world.

He is your man. He is also that kind of a man who has made America great, and as long as you give your hand to him you have an American brother upon whom you may rely in your day of need, whatever the need be. He is the man to count on. He has the metal of manhood in him. He wins not by devious devices, he wins not by any aspersed combinations; he stands up alone in the world as a manly man. He delights to do, and has the satisfaction of his spirit in doing, and he fights the battle that has made America great.

SUPPORT THE GALLANT INDEPENDENT FIGHTERS.

We should go to the support of all the gallant men in this country and of all the independent men in this country who are making the true-grit American kind of fights.

COMPETITORS WITH MONOPOLIES WILL SUFFER IF THIS BILL PASSES—THE BOTTOM MEN PINCHED.

Now, Mr. President, my State, like that of North Carolina on the one side, like that of Maryland upon the other, like Pennsylvania a little north of us, like old Kentucky over the mountains, is deeply interested in this matter. When you have broken down the independents, where else is there to be a competitor in our market to rival any trust in the buying of this tobacco? You will get none from the Old World. The regies have occupied that field. We have made no movement here to dispossess them, nor do I know that we could succeed at it. The independents will be the immediate sufferers. All independent and small manufacturers will require more capital for competition. They have got to get a much larger capital in a struggling condition, in which capital does not rush to spend itself on other people.

Then go to your cities where the bottom man is toiling at his tobacco table. He is the first man you strike there, amongst the thousands of cigar operators, and wherever there is a city that has a plug factory it is the same thing as to the plug tobacco.

Then go back to the home where for thirteen months one of the hardest working Americans that you have got is the man toiling in the sunshine, in the storm, and in the rain, wrestling with the clods of mother earth to get a dollar out of them. That is the man upon whom all of this ultimate burden falls, and he is the man who is squeezed and pinched and made to come down to the very closest margin of living.

PROTEST OF THE TOBACCO ASSOCIATION OF THE UNITED STATES, COMPOSED OF INDIVIDUAL WORKERS.

Mr. President, my distinguished friend from Indiana [Mr. BEVERIDGE] has made two or three speeches on this subject—two that I am more familiar with. I have read the last carefully; it is that of July 5. Two months ago, when the first bruit of his attack on tobacco got into the press, I received this letter, which I beg leave to insert in the Record, from the president of the Tobacco Association of the United States, at Richmond, Va., Mr. T. M. Carrington, a very worthy and excellent man, whose acquaintance I possess and who is the trusted official head of this important organization. He speaks, as I hope will be noted, simply for individual operators and concerns. He says:

This association is composed entirely of individuals and firms who are neither members of the American Tobacco Company nor of any concerns associated with them, and the position that this association takes against any advance in the tax is based upon the disastrous effects it would have on the business of the tobacco trade in general.

The letter is as follows:

TOBACCO ASSOCIATION OF THE UNITED STATES,
Richmond, Va., May 25, 1909.

HON. JOHN W. DANIEL,
United States Senator, Washington, D. C.

DEAR SIR: My attention has been called to the remarks of Senator BEVERIDGE advocating an increase of tax on manufactured tobacco, and I would judge that he has it greatly in his mind that this extra tax would come out of the profits of the American Tobacco Company, and I beg to say that I regard this ground as absolutely untenable.

This association is composed entirely of individuals and firms who are neither members of the American Tobacco Company nor of any concerns associated with them, and the position that this association takes against any advance in the tax is based upon the disastrous effects it would have on the business of the tobacco trade in general. While the American Tobacco Company manufactures very largely the greatest percentage of the output, still the independent factories are of all importance to everyone connected with the tobacco business as the nucleus by which comes competition, and any injury to these independent factories will be reflected directly upon the producers, buyers, sellers, and everyone engaged in the tobacco business who are not asso-

ciated with the American Tobacco Company. Any change in the size of the packages, on account of the very high price of leaf tobacco, would either mean a very heavy loss to the manufacturers or a smaller amount of tobacco sold to the consumer—

Now note what this gentleman says of the independent manufacturers—

In the success of the independent manufacturers, together with the different elements of the trade dependent upon them, there lies the only solution of the many vexed questions that are every day arising in the business, and an increase in the tax as suggested will be fraught with many dangers. With the injury to the independent manufacturers, there goes with it a great opportunity for the American Tobacco Company to become more of a monopoly than even it is now. Therefore, for these reasons I beg that you use your best efforts to prevent any increase of tax on manufactured tobacco.

Yours, very truly,

T. M. CARRINGTON, President.

THE SENATOR FROM INDIANA SILENT AS TO LITTLE CIGAR FACTORIES AND THEIR WORKMEN.

Mr. President, I think the Senator from Indiana, to whom I have referred, has indicated in his own remarks that he is at times conscious of the ill effect in the directions which I have named of this increased burden of taxation.

I shall quote a few of his remarks as indexes of the sentiment which I refer to. The Senator from Indiana has pointed out that when the tax on tobacco was reduced and small packages were required for the purpose of putting it up and marketing it, that great consolidated trust of the country immediately increased and pocketed an amount quite approximate to the amount of the remitted tax and made their profits upon the matter in that way.

That is no reason, Mr. President, even if it were accurately stated, why you should put a tax upon the farmer's tobacco. There is no reason why we should try to recoup taxes which were voluntarily dispensed with by the Government of the United States by the act of its Congress. Why not relent as to the farmer as well as to the cigar maker?

On page 3742 of the RECORD of July 5, the Senator from Indiana says in his speech:

The Senate will remember that no increased tax whatever was laid on cigars in the amendment as originally offered, except when it got up to cigars selling from \$35 to \$75 a thousand. Pretty careful investigation had convinced me that that would not put any additional tax at all, but would leave the tax as it was upon practically all the cigars that are made by little factories, and would thus lay not a cent's burden upon that great branch of the industry. Since then, in conversation with some cigar makers, I can see that it might affect perhaps as many as 2,000, if not more, throughout the country, unless we begin the increased tax on cigars with those that sell from \$75 to \$100 a thousand and upward. So, at their request, I have modified the amendment in that particular, so that the increase on cigars is on the cigars of very high price. They are all made by very large and very prosperous companies, and not a single independent cigar maker in his little factory in the whole United States would be affected. That is one change.

This shows the relenting of the Senator for the sake of the cigar makers of little factories. They occupied the same relative position that the independent manufacturers and the tobacco farmers occupy with respect to the proposed increased tax on plug and twist tobacco, of which they are producers and out of which the independents make the finished product. The good motive that stayed "a cent's additional burden" on the one class should likewise stay it on these classes.

THE SENATOR'S DIATRIBE IS A REFLECTION ON THE REPUBLICAN CONGRESS.

The Senator's whole diatribe is an impeachment of the legislative power of the United States and is an anathema against the party which he himself represents, for it is the only political party that has been in power and helped to do these things, with slight exceptions during the time of the Wilson tariff law, that short period of our history when Democracy only had time to look into the door and go out.

But the rest of the Senator's speech is against the Republican party and what it has done, as he says, with the prevision of the trust, they well knowing it, both to put up those heavy taxes and to remit them in a form in which they spilled over and into the trust's pocket.

But however keen is this invective, however earnest is the desire of the Senator to get these taxes back, he well knows you can no more get them back than you can gather back the dews of springtime now in July, or the snows of last winter which have melted and gone down the mountain. They are a perished tale. They have gone out of the affairs of men. Many millions of dollars which he thinks could have been made to inure to the benefit of the people of the United States have disappeared under the legislation of Congress. Nobody is chargeable with it except the Congress. Even as to the trust, which has taken advantage, as men are prone to do, of opportunity to make big money, the Senator says "he does not blame them." He makes conspicuous the fact that he neither impugns their "intention

nor puts any blame upon them" at all, simply because it was, as he thinks, a natural thing to have done.

Knowing men as we must know them, we know the prudence of the human mind and the human hand to look after a dollar and to get it if it is lying around where they can reach it. That is all he accuses the trust of; and in doing so my distinguished friend is particular to state that even if we dissolve the trust we do not know that things will be bettered, because their elementary parts, like the Carnegie establishments, would still exist and continue, and cooperate as they have done before. They operated before to build one of the most colossal fortunes that was ever known to the history of man, and so he thinks they would so operate again.

So the Senator is in despair about doing anything with the trusts and is only "wanting those presents back" from the long time ago or else to put these charges back upon the bottom earth of the whole basis, not by charging up license taxes to the trust, not by making the whole of that corporation pay a tax to the United States—as was proposed at least this very morning, when he voted against it—but to let them go on and get what they may out of either the rise or the fall of taxes upon the humbler and less powerful people.

REPUBLICANS CLAIMED TO BE FOR REMISSION OF TOBACCO TAXES.

The Republican party has not asked this. In fact, if you turn over a few pages of history, you will find that the Republican party not many years ago was the advocate and exploiter of remitting the taxes upon the farmers of this country. Hon. John Sherman started it. I well remember his campaign, for he came down into my State and temporarily got our people a good deal concerned about his speeches in that direction. President Arthur took it up. Mr. McKinley took it up to a certain extent in the free leaf accorded in the McKinley bill. There was a tendency in the Republican party to show that it had some warm blood in its veins and some mercy upon the tillers of the soil, grappling with mother earth in a hard contest for a living. But we can not say of it: "Its mercy endureth forever." It appears to have vanished either from proposition, speculation, or intention.

NO JUSTIFICATION FOR THIS BILL.

There is no necessity whatsoever, no justification whatsoever, for putting this tax upon the farmers of the country. Who else is there that tills the soil of the country, besides the tobacco farmer, at whom a special burden is directed?

We are about to pass, and speedily shall pass, a great tariff bill. The distinguished chairman of our Finance Committee [Mr. ALDRICH] is optimistic about that tariff bill. He thinks the deficit will swiftly melt away as soon as the radiance of the new tariff bill diffuses itself like the light and warmth of a new sunrise over the country. He may be mistaken about that. Prophecy, especially political prophecy, is not one of the exact sciences. It is, even as a weather bureau is, often shifty and uncertain. But, let his optimism go into effect or not, the Republican party has got two resources, one absolutely at its command and the other almost so. The first is other and more provident taxes, and the second is bonds, its hitherto favorite resort.

We have already approved a corporation-tax provision, not an ideal one, as I venture to say, but a corporation-tax provision with many millions in it to be provided for, according to the views of your able President and in accordance with the interpretations of constructive workmen, who have put those views in plan and in detail, which will immediately go into effect unless halted in the House of Representatives.

Do you want it to pass? You have said so. It is true it has got to pass another House, and we have no knowledge what that House will do with it. It may get over there, and an inheritance tax may take its place, or some other kind of a tax may take its place; but let the matter go one way or the other, there is no call from any respectable body of our fellow-citizens, there are no cries from the ground to Congress, for any increased taxation upon our tobacco farmers, who, for so many years, have patiently poured their contributions into the Public Treasury. Look at the many millions of dollars which have flowed from this source in a continuously golden stream.

WE GET LARGE REVENUES FROM TOBACCO—IT IS ONE OF THE TEN GREATEST REVENUE PRODUCERS.

Mr. President, while my distinguished friend is commenting upon the greater taxes that Europe gets out of tobacco, do not let him leave out of account the tariff taxes that we are getting out of tobacco. Read the statistics I have already cited. We are taxing Sumatra leaf by tariff 187 per cent, and we are

getting a good revenue from those kinds of tobacco and from the cigars that come from foreign countries into our own.

As to your tobacco farmers, they have been the constant night and day, year in and year out, decade after decade, supporters of this country, and the liberal, faithful contributors to its Treasury. Besides do not forget, though I will not take time for details, that tobacco is one of the ten great revenue-yielding subjects in the United States. Do not ride the easy horse too hard.

MOVEMENT AGAINST LABOR.

Mr. President, I again advert to the remarks of my distinguished friend from Indiana, some of which I have quoted. He points out in his speech one fact which we should all remember; that is, that it is the trust that has made war upon labor. He knows that to be a fact, and as soon as this bill has passed, it will be the tocsin sounded for a new war, in which the laborer is as sure to go down as you make sure to arm his opponents to strike him down.

WHO CALLS FOR THIS TAX?

Who first called for this tax? We do not find that information in the voluminous, able, and detailed speeches which my distinguished friend has made; and I give all compliment, not only to his industry, but to his talent, exercised I fear in this case to "make the worse appear the better reason." Who has communicated to this Congress the desire of any State of this Union, or of any Congressional District in this Union, or of any large body of respectable people, whose voice may be fitly uttered to Congress, for the increase of this domestic agricultural tobacco tax? I find but one that has enforced my attention, though there may be some others amongst the tobacco operators that have escaped me. That is the paper known as the "Tobacco Leaf," which is cited as independent. I am not familiar with that journal. It is not one of the ordinary spokesmen to Congress.

It is a trade paper. I suppose—though it is a mere surmise—that the Tobacco Leaf is like all trade papers; it publishes advertisements of its patrons, and if one of its patrons writes a letter to it, it will give him a compliment. I have no attack to make upon it, neither any charge to make upon it, but it is a very small circumstance to move the Congress of the United States to go into raising taxes upon the great agricultural interests on the basis of a passing newspaper item, entered upon at a time when it is filling its records with real or seeming efforts—sometimes sham and shallow, perhaps, and sometimes available—to protect every other kind of a farmer and landowner in the United States.

Let these hard-worked men, who are breaking the hard clods of mother earth with the sweat on their faces, come into this brotherhood of American folk, who have the attentive and friendly ear of Congress, and let them not have these trusts, which you despair of ruining, thrown down like an immense superstructure on top of them, to crush them closer to mother earth, and leave them less small change in their pockets to buy clothes for their children and the necessities of their living.

THE MARKSMAN MISSES HIS TARGET AND HITS THE BYSTANDERS.

Mr. President, my distinguished friend is a great marksman. I generally hear his speeches with pleasure, when they are not against something which I represent; but in this case the marksman has entirely missed his proclaimed mark. He has come up to shoot at it, thundering against the trust, and he is doing, or seeking to do, the very thing which will put the poor, humble farmer, the independent American business man, the laborer, who is sitting in New York and Boston and Baltimore and everywhere else where there are tobacco factories, upon lower wages and smaller allowances; and then he is going to rejoice that he is getting back the taxes Congress voluntarily remitted some years ago.

RUNNING THE MILL WITH WATER THAT HAS PASSED.

It is a vain hope; it is a conclusion without any premise upon which it can soundly stand; it is trying to run the mill with the waters that have passed. It is a vision, with no reality on the road to fulfill its alluring, spectral appearance.

Mr. President, I do hope that our friends on the other side of this Chamber, as well as on this side, will stand up now for these men, the bearers of many and long burdens, and will indulge in no illusion that they can fire a cannon ball and kill or mangle or destroy or impair the trusts, when that cannon has its dead aim upon the farmer in the field, upon the laborer toiling in his workshop, and upon the American citizen, who is

blameless and unaccused by anybody—the independent manufacturer.

THE TRUST LAUGHS IN ITS SLEEVE AT THE PLAN TO KILL OUT OTHERS BY TAXING THEM.

This act may burst its shells in helpless homes amongst women and children, in the fields where their kinsfolk toil, or in the workshops amongst the tobacco workers, but the trust laughs in its sleeve; and not only in its sleeve, but openly. Its loud laughter resounds in the echoes of the voices of the large operators who have testified here. That witness, Jacob Wertheim, if I am any judge of men, is an honest man. He spoke with a candor, with a freedom, and with relation of what he would do or what the trust would do, that at least was becoming to his manliness and attracted faith in his utterance.

He tells you beforehand, and you want now, after that is told, and when they can prophesy what will happen just as easily as they prophesied what would happen when they saw you preparing the boxes of small packages from which you had taken off the tax. Of course the money ran into the mold after you had fixed for it, and in this case it will run in the same mold again by a counter operation, which is just as sure as that time speeds on its way.

In another year, if you should come here, you would hear that the trusts had, in effect, lowered prices of its raw material, and of the tobacco workers, and had the independents on the run. The trusts have time and again got higher profits than the independents do. Look at these figures. The trusts and the independents do not fare at the same table. They have different economic systems to work with.

Look at this tobacco report, to which my distinguished friend has so often referred, on prices of tobacco, and to Tables 18, 19, and 20, pages 52, 53, 54, and 55. On these pages—which I shall ask leave to transfer in part to my remarks, as those who may possibly read them may like to see them there—is shown how the trust, through its operations in business, got higher prices, while the independents were getting lower ones, and the downward pressure was on the farmers.

The PRESIDING OFFICER (Mr. BURROWS in the chair). In the absence of objection, permission is granted.

Mr. DANIEL. The book I quote from is "Prices of Tobacco," contained in the report of Herbert Knox Smith, esq., Commissioner of Corporations, which is found in Senate Document No. 78, Sixty-first Congress, first session:

TABLE 18.—Combined value of sales, costs, and profits for 48 independent manufacturers of plug, smoking, fine-cut, and scrap tobacco, 1906.

	48 concerns.		45 concerns in domestic business.	
	Amount.	Average (per pound).	Amount.	Average (per pound).
		Cents.		Cents.
Quantity (pounds).....	47,612,799		46,315,204	
Net value, including tax.....	\$14,082,593.66	29.5	\$13,817,789.76	29.8
Tax.....	\$2,782,089.27	5.9	\$2,778,912.24	6.0
Net value, less tax.....	\$11,250,504.39	23.6	\$11,038,877.52	23.8
Cost.....	\$10,246,674.09	21.5	\$10,050,026.27	21.7
Profit.....	\$1,003,830.30	2.1	\$988,851.25	2.1

The commissioner says in the report, pages 52 and 53:

The total profit obtained by these 48 independent concerns in 1906 amounted to \$1,003,830.30, or an average of 2.1 cents per pound. For the 45 concerns in the domestic business the average profit was the same (disregarding fractions), although the average profit of the 3 concerns engaged primarily in the export trade was only about 1.2 cents per pound. The profit of the independent concerns averaged much less than that of the tobacco combination. The average profit of the principal companies in the combination on their domestic plug, smoking, fine-cut, and scrap business in 1906 was 8.2 cents per pound, or nearly four times as much as for these independent concerns.

It will be seen further that the average rate of profit of the 48 independent concerns on their cost was 9.8 per cent, and for the 45 engaged in the domestic trade, the same, while the tobacco combination on its domestic trade in these same products made a profit of 39.1 per cent on cost.

Here it will be seen "the profit of the independent concerns averaged much less than that of the tobacco combination." Further, that in 1906 48 independent concerns averaged only 2.1 cents per pound on their tobaccos in profit. At the same time "the average profit of the principal companies in the combination on their domestic plug, smoking, fine-cut, and scrap business in 1906 was 8.2 cents per pound, or nearly four times as much as for these independent concerns."

Now let us return to Commissioner Smith's report, No. 19.

TABLE 19.—Prices, costs, and profits for 45 independent tobacco-manufacturing concerns in the domestic trade, by price groups, 1906.

Groups: Concerns having average price of—	Sales.		Net price (per pound).			Cost (per pound).	Profit (per pound).	Rate of profit on cost.
	Quantity.	Proportion of total in group.	Including tax.	Tax.	Exclud- ing tax.			
	<i>Pounds.</i>	<i>Per cent.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Per cent.</i>
20 to 25 cents per pound.....	4,988,282	10.8	23.4	6.0	17.4	16.4	1.0	6.1
25 to 30 cents per pound.....	23,705,126	51.2	27.9	6.0	21.9	20.2	1.7	8.4
30 to 35 cents per pound.....	15,257,043	32.9	32.5	6.0	26.5	23.7	2.8	11.8
35 to 40 cents per pound.....	945,848	2.0	37.0	6.0	31.0	27.7	3.3	11.9
40 and above.....	1,418,905	3.1	51.2	6.0	45.2	38.6	6.6	17.1
Total.....	46,315,204	100.0	29.8	6.0	23.8	21.7	2.1	9.7

Commissioner Smith comments as follows on this report of Table 19, page 54:

It will be seen from this table that whereas the average price of the tobacco combination on substantially its entire output of plug, smoking, fine-cut, and scrap tobacco in the domestic trade was in 1906, 35 cents per pound, including tax; much the greater proportion of the sales of the independent concerns consisted of tobacco worth less than 35 cents per pound, including tax. In fact, only a little over 5 per cent of the sales of the independent concerns consisted of the sales of those having an average price of 35 cents per pound or more. The greatest proportion of the independent sales is found in the group comprising those concerns whose average price, including tax, is from 25 to 30 cents per pound, which group represented a little over 50 per cent of the total independent sales covered by the table. For this important group the average profit per pound was 1.7 cents, representing 8.4 per cent on cost. For the comparatively important group of concerns selling at from 30 to 35 cents per pound on the average the profit was 2.8 cents per pound, or 11.8 per cent on cost; while for the group selling at from 35 to 40 cents per pound

on the average the profit was 3.3 cents per pound, or also 11.9 per cent on cost. The profits for these two groups may be compared with those of the tobacco combination, which averaged 8.2 cents per pound on a product of an average value of 35 cents, the rate of profit of the combination on cost being 39.1 per cent, or considerably more than three times as high as for the independent concerns of this class. Even for the limited number of independent concerns whose product is higher priced than the average for the combination, namely, the group averaging 40 cents or more per pound, the profit was only 6.6 cents per pound, or 17.1 per cent on cost.

Average profit of one group of independents, 1.7 cents per pound.

Average profit of second group of independents, 2.8 cents per pound.

Average profit of tobacco combination, 8.2 cents per pound.

Here, now, is Table 20 of Commissioner Smith's report, page 55:

TABLE 20.—Prices, costs, and profits for 48 independent manufacturers of plug, smoking, fine-cut, and scrap tobacco, classified according to their principal kind of product, 1906.

Concerns making chiefly—	Quantity of sales.	Net value including tax.	Profit.	Averages.					Rate of profit on cost.
				Net price (per pound).			Cost (per pound).	Profit (per pound).	
				Including tax.	Tax.	Excluding tax.			
	<i>Pounds.</i>			<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Per cent.</i>
Plug and twist (22 concerns).....	16,480,014	\$5,061,429.05	\$406,184.41	30.7	*5.6	25.1	22.6	2.5	11.1
Smoking (17 concerns).....	10,718,914	3,402,844.86	245,742.60	31.7	6.0	25.7	23.4	2.3	9.8
Scrap (6 concerns).....	8,498,205	2,359,086.26	91,565.08	27.8	6.0	21.8	20.7	1.1	5.3
Mixed (3 concerns).....	11,915,666	3,209,733.99	257,338.21	26.9	6.0	20.9	18.7	2.2	11.8
Total (48 concerns).....	47,612,799	14,032,593.66	1,003,830.30	29.5	5.9	23.6	21.5	2.1	9.8

* No tax on export product included in this group.

And here is the commissioner's analysis:

It will be seen that 22 of the 48 concerns were engaged primarily in the plug and twist tobacco business (this includes 3 engaged in the export trade). Their output amounted to 16,480,014 pounds of an average value, exclusive of tax, of 25.1 cents per pound, from which an average profit of 2.5 cents per pound was derived. For the concerns engaged exclusively in the domestic trade, the average value per pound would be slightly greater, and the profit about 2.6 cents per pound. The tobacco combination in its domestic trade in 1906 obtained an average price for plug and twist tobacco of 30.1 cents per pound (excluding tax), with an average profit of 9.1 cents per pound.

Seventeen of the concerns made principally smoking tobacco, their output being 10,718,914 pounds, of an average value, excluding tax, of 25.7 cents per pound, with an average profit of 2.3 cents per pound. The sales of the combination in 1906 commanded an average price, less tax, of 29.3 cents per pound and a profit of 9 cents per pound.

Average profit of independents on plug and twist tobacco, 2.5 cents per pound.

Average profit of the combination, 9.1 cents per pound.

Commissioner Smith adds, as it will be noted:

Even for the limited number of independent concerns whose product is higher priced than the average for the combination, namely, the group averaging 40 cents or more per pound, the profit was only 6.6 cents per pound, or 17.1 per cent on cost.

PONDER THIS CASE.

Let the calm-thinking and just-minded contemplate the fight for life the independents are making, the factory workers are making, and the tobacco farmers are making; let them ponder, too, the embattled array, and the difficulties and burdens that environ them—the foreign regies and the trusts, the local and

the national taxes, the foreign customs taxes, the commission merchants abroad, and the double-faced go-betweens—and let them pause ere they strike on their heads with sledge hammers the struggling toilers of the farm, the factory, and the counting-room. The spite house was never a good house to live in. Let us not, in order to hit the trusts, which will smile at the blow and laugh aloud at its impact, aid those very trusts to crush down the most meritorious of our citizens. Ponder Commissioner Smith's tables, and give the righteous answer.

DO NOT ARM THE GREAT AND POWERFUL TO OPPRESS THEIR WEAKER BRETHREN.

The farmers are struggling under that condition of things, brought about in this country by a deep and widespread change in the systems of trade and by the burdens of large expenditures and heavy taxation. They can not help it. My distinguished friend from Indiana indicates that he can not help it. While he blames the trusts for making so much money, upon which he has his eye for the purpose of counting it up in the Treasury, he says he "does not blame them." He says he does not impugn their "intentions." He simply knows that they are acting as men in such circumstances are likely to act. But are we to harness them up, or to saddle them up, and give them all the paraphernalia we can, and to put them to run against the most worthy, the most blameless, and the most hard working amongst all our worthy American constituents, in the shops of the cities, at the tobacco table, or in the field, all the year round encountering nature in her variable and oftentimes sternest moods,

and in the countingroom of the independent manufacturer, who is trying to maintain a firm step in those walks and branches of trade which are an honor to the whole country and to the population which they represent?

TESTIMONY OF W. J. CRONIN, PRESIDENT OF THE INTERNATIONAL CIGAR MAKERS' UNION.

Mr. President, on this same line Mr. Cronin, of New York, president of a cigar maker's association, followed Mr. Wertheim in his discussion before the subcommittee. That gentleman is himself a cigar maker. He is an artisan and represents the International Cigar Makers' Union of this country. He has shown, from his experience and observation in past years and from his analysis of the necessary force and effect of the proposed law here, how it will strike the operatives in New York and elsewhere. He says:

Whenever the internal revenue is increased on cigars, the increase invariably comes out of the wages of the cigar maker.

THE LAW OF GRAVITY IN TRADE.

It is equally and just as inevitably true that, whenever you increase the tax on plug and twist and smoking tobacco, it immediately comes out of the possible profits of the farmer, who plows, digs, and works the ground to get out of it the tobacco leaf. It is only, Mr. President, the exemplification in political economy of the law of gravity—the law of gravity in trade and manufacture. When Isaac Newton saw the apple fall from the tree and go to the ground, he saw it go down, down, down, until it met a counter proposition in the hard earth against which it struck. This is as inevitably a law of taxation as it is a law for the government of the material world around us. Gravity carries the tax paid by the party of the first part down, down, down, just as far as it can go, and everybody that it may first touch passes it down just as quickly as he can hit it with a bat that will knock it down rapidly.

The neophyte who has observed the courses of trade, the scholar who has read the profoundest works of political economy, the man who knows something of the laws of nature, knows that this is a fact. It is a fact that the farmer can not change. It is a fact that the independent manufacturer can not change. It is a fact that the poor fellow, sitting in a crowded city at a table making cigars, can not change. No sidelong talk about the trusts and no attempt to divert the mind of the legislator from the facts that underlie this case can possibly make a legislator think, if we should adopt this proposition, that he was shooting into the trust and was not hitting the laborer at the table, the plodder in the field, or the independent manufacturer in his office. You can not make anything more certainly direct if there is anything in the law of gravity in which we live and move and have our being, and from which there is no escape.

I will read a little more, Mr. President, from Mr. Croftin. He is himself a workman, working at the table, making cigars with his own hands by the side of his fellows. He has risen from the ranks by their selection to represent them. He is no loud-mouthed, scheming politician. He is a simple son of toil, and a man of family, who is representing men like himself. The intelligence, the candor, the dignity with which he spoke won for him my good opinion. I will read a few more observations that he makes, and then I am done:

While it may be true—

He says—

While it may be true that the organized cigar makers may be in a position to resist a reduction in their wages, it would be at a great cost to them, which we want to avoid, and the unorganized being helpless in this direction, they would be compelled to accept these reductions, and as competition in the cigar trade is so keen, many large manufacturers being compelled to sell their product at a margin of profit that in many instances is not greater than the proposed increase in the internal revenue, it is bound to follow that all cigar makers, organized and unorganized, will be compelled to accept reductions in wages almost immediately after this bill becomes a law, and besides this, as said by Mr. Wertheim this morning, "This proposed increase will have a tendency to centralize the industry in the hands of a few and completely drive out of business a large number of small manufacturers of cigars."

Centralization by the measured art of man, congestion of wealth, congestion of power, congestion of population, congestion—the fatal disease of republics—that is the inevitable harvest of all these ponderous taxes weighed down upon the toilers, on whose backs they are inevitably cast by those who can slip away from them.

THIS BELATED ELEVENTH-HOUR TAX AND ITS SPONSORS—IT DID NOT ORIGINATE WITH THE PEOPLE OR REPRESENTATIVES OF THE PEOPLE.

Mr. President, as soon as a proposition to increase the tax on the plug and smoking tobacco was whispered around and finally got into the newspapers, some of our people pricked up their ears. Then it died out for a season, and it was reserved until the very end of this prolix, overworked, much-occupied session of Congress to fling this firebrand of alarm into the Senate. The House of Representatives, whose office it is to originate taxes, did not originate this proposition. It stands upon our calendar under the sponsorship of the Senator from Utah [Mr. Smoot]. I do not see Utah mentioned as any great tobacco-producing country.

It may be, so far as I know, like Rhode Island, which does not produce a stalk. Why this invasion in this way with a revenue-tax measure—not through the Hall of the House of Representatives—of a new and independent measure, comprehending many States, affecting many portions of the country, without any cry of the people therefor? Who was there out in Utah who set in motion this great ball to travel over the continent and to roll over the interests of other people? That is not like Utah. I think this is an exotic sprung from soil far away from its birthplace.

Why was the Senate selected for the inauguration of an independent measure, which is a kind of foreign graft upon the tariff bill, coming up after all the other measures have been considered and disposed of, as a sort of afterthought of some volunteer statesman from the mighty West, who has come over to teach the people along the Atlantic seaboard these novel and misleading lessons as to how much tax should be levied and who and what should be taxed?

THIS MEASURE OUT OF PLACE AND BODES NO GOOD.

Mr. President, this measure is out of place. It has neither the people nor the voice of any party behind it. If the Senator from Utah, so far as the RECORD discloses, had just been content to go along in the great current of American affairs, as almost everybody else was doing, we should not have been arrested on our way from labor to a summer rest and refreshment by having this great measure plunged here, challenging and demanding our sudden, instant consideration. Many have been left to that increment of their already great burdens.

As soon as it was known that people were giving testimony in one of the offices downstairs about this large measure, telegrams commenced flowing in upon me from my State. I have a batch of them from our most important business men, from independent tobacco associations, from the farmers, and from their commercial representatives. So have many other Senators.

I hope that the Senate will not pass this amendment. It bodes no good. It bodes instant ill to many and great branches of our American industries. It would press down its weight not only on those who are striving in the city factories and offices, but as well to many who are tilling your land, who are building up your homes, who are raising their children in the countryside to be respectable and honorable and manly and independent American citizens. Do not hit any of these people in the face with this uncalled-for, this unprovoked, proposition. There is nobody that you can benefit but the trust. You know the process by which you can benefit it. You know the precedents which have set their light-houses over the warnings of recent history in which such things as this have appeared as rocks in the path of healthy thrift and industry and prosperity.

You will not see anything in that history which leaves you a beam of hope that it will help a farmer in Missouri, or a farmer in Kentucky, or a farmer in New England or the Middle States, or a farmer in Maryland, or a farmer in the North, South, East, or West. It is against them far and wide, in all the regions where men are cultivating their fields and eking their living out of them in order that they may live decently and in some comfort at their own homes.

Mr. BEVERIDGE. Mr. President, I shall take scarcely any of the time of the Senate; but in reply to the assertion that any part of this tax will fall on the leaf grower, I have here a very elaborate table giving the prices per pound of tobacco in all States since the civil war up to the present, which shows that the tax on tobacco, whether it was put on or taken off, has never affected the price of leaf. I ask that that may be inserted in the RECORD without reading.

The PRESIDING OFFICER. Without objection, leave will be granted.

The table referred to follows.

TABLE NO. 1.—Farm price of leaf tobacco per pound, by States and by internal-revenue periods, 1866–1908.
[In gold for all years. For 1866–1871, prices of following January 1; subsequently, December 1.]

Production year and internal-revenue period.	Connecticut.	Pennsylvania.	Maryland.	Virginia.	North Carolina.	South Carolina.	Georgia.	Florida.	Ohio.	Wisconsin.	Kentucky.	Tennessee.
	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.	Cents.
1866	13.9	12.1	7.4	9.8	14.6		22.8		4.8	17.8	6.8	15.0
1867	16.6	6.5	8.7	9.0	12.5		21.7		7.2		7.0	10.1
1868	18.4		8.0	6.3	12.3		22.1		5.6		9.4	12.1
1869	22.2		11.0	8.5	11.3		16.0		5.1		7.5	10.7
1870	20.4	22.6	7.8	6.6	12.7		12.0		11.1		7.4	7.5
1871	25.3	13.9	7.5	10.0	9.4		19.6		8.3	10.1	7.1	10.1
1872	29.2	13.0	8.9	9.3	8.9		15.9		7.2	7.7	7.5	10.4
1873	20.9	11.2	7.0	8.4	8.2		18.8	38.6	5.0		6.5	6.5
1874	20.2	15.2	9.6	10.1	17.7		11.6		8.4		12.3	10.8
1875	20.5	12.3	7.6	8.3	7.7		20.8		6.0	15.2	7.5	8.1
1876	8.4	8.3	7.4	7.4	8.3			18.5	6.0	5.6	6.5	7.4
1877 ^a												
1878	11.0	10.0	5.5	5.0	6.0				5.0		5.0	6.0
1879	12.0	9.0	5.0	5.0	7.0				3.0	12.0	5.0	5.0
1880	15.0	10.0	7.0	8.0	9.0				6.0	12.0	7.0	9.0
1881	16.0	13.0	8.0	8.6	13.5	14.0	14.0	20.0	8.0	12.5	8.8	7.6
1882	13.0	12.0	6.0	7.3	12.0	13.0	14.0	18.0	7.0	12.0	8.0	6.7
1883	13.5	12.0	6.5	8.0	12.5				8.0	11.0	8.6	6.0
1884	12.4	10.5	7.3	7.4	11.5				7.2	10.2	7.5	7.0
1885	12.4	10.5	7.3	7.4	10.6				6.3	9.5	6.5	7.0
1886	14.0	11.8	6.5	7.0	9.5				7.0	10.0	6.0	6.0
1887	14.3	15.0	5.5	8.0	10.0				9.0	11.0	12.0	10.5
1888	13.0	11.0	5.0	6.0	8.0				8.0	10.0	8.0	8.0
1889	12.5	11.7	5.0	6.5	11.0				5.8	9.5	5.1	5.2
1890	16.0	13.5	6.5	8.0	11.0				7.5	9.5	6.5	6.3
1891	19.5	14.5	6.7	7.0	9.6				8.5	8.7	7.3	6.7
1892 ^a												
1893	14.0	13.5	7.6	6.2	8.0				6.5	6.3	7.6	8.8
1894	16.0	9.0	6.0	6.0	9.0				5.4	5.4	5.5	9.0
1895	16.5	7.4	5.8	8.0	10.3	9.0			5.2	4.0	5.3	7.0
1896	13.0	8.0	4.3	5.2	8.0	8.0	10.0	27.0	4.5	5.5	4.2	7.0
1897 ^a												
1898 ^a												
1899	18.0	8.2	5.6	5.9	6.6	8.9	11.9	28.7	6.8	7.0	6.1	11.0
1900	15.0	6.0	6.0	6.0	7.0	7.0	15.0	26.0	7.0	7.0	6.0	6.0
1901	15.0	6.0	6.0	8.0	9.0	7.0	18.0	27.0	7.0	8.0	6.0	6.0
1902	16.0	8.0	7.0	9.0	11.0	13.0	19.0	30.0	7.0	7.0	10.0	10.0
1903	15.5	7.3	5.5	6.1	6.3	5.1	15.0	32.0	7.2	6.8	6.2	7.5
1904	22.6	8.9	6.5	7.4	8.6	8.2	20.6	31.5	8.0	7.8	6.4	5.8
1905	17.0	10.8	6.0	7.6	8.8	8.7	17.0	18.0	8.4	10.0	7.0	7.5
1906	18.0	13.7	6.8	8.2	10.0	10.5	30.0	35.0	11.5	13.5	7.7	7.5
1907	11.5	7.5	6.5	10.5	11.0	10.7	40.0	45.0	8.4	6.5	10.2	9.8
1908	17.0	10.5	7.5	9.2	10.5	10.0	35.0	35.0	10.5	10.0	9.1	9.0

^a No data.

Mr. OVERMAN. As I shall probably not see the table until to-morrow, will the Senator read to me the prices in 1897, 1898, 1899, and 1900?

Mr. BEVERIDGE. This table was made up by the Department of Commerce and Labor, and there are some years for which no data are given. But in 1899, when the tax was on, the price was 18 cents in Connecticut, 8.2 in Pennsylvania, 5.6 in Maryland, 5.9 in Virginia, and so on, going on clear through.

Mr. DANIEL. That was the cigar tobacco.

Mr. BEVERIDGE. In 1903, when the tax was entirely off, it was 15.5 in Connecticut, which is 3 cents less instead of 3 cents higher. In Wisconsin, for instance, instead of being 7.8 cents it was 6.8 cents, and so forth.

Mr. OVERMAN. How about North Carolina?

Mr. BEVERIDGE. In North Carolina in 1899, when the tax was on, it was 6.6 cents. In 1903, when it was entirely off, it was 6.3 cents.

Mr. OVERMAN. What was it prior to 1899—say in 1896?

Mr. BEVERIDGE. In 1896 it was 8 cents in North Carolina; in 1895, 10.3 cents; in 1894, 9 cents; in 1893, 8 cents; and so on. In other words, the Senator will find that the tables prepared by the Government, from the government reports of prices during the various years, demonstrate that the tax has never affected the price of leaf.

Mr. DANIEL. Will the Senator be kind enough to tell me what table that is?

Mr. BEVERIDGE. It is a table of prices of tobacco in the various States for the various years for which the Government has data.

Mr. DANIEL. Obtained from what source? Is it published in any of the official publications?

Mr. BEVERIDGE. Yes; it is collected by the Department of Agriculture from its publications and gives the farm prices of leaf tobacco per pound by States and by revenue districts.

I shall next ask leave to put in, without reading, a number of tables, the first one giving the number of pounds of leaf consumed annually from 1895 to 1906 in the manufacture of all tobacco produced in the United States, which shows that when the tax was increased the consumption did not diminish.

Also, a table showing the number of hogsheads sold in the Cincinnati market, together with the amount realized and the price per pound, which shows that when the tax was on the price per pound was in some instances actually greater than when it was taken off in 1902.

Also, the average prices at Louisville and Cincinnati markets for various revenue periods, showing the same thing.

Also, the prices of export tobacco, showing precisely the same fluctuations regardless of the tax.

Also, the total production of Virginia, North Carolina, and South Carolina, with the average price per pound, showing that when the tax was entirely off, before it was removed in 1902, the price per pound was as great and in one or two instances greater than it was without the tax.

Also, a table showing by years, from 1895 to 1904, the average prices received for loose leaf tobacco from warehouse growers in the Danville (Va.) market, showing the number of pounds, the value, and the average price per pound, and showing precisely the same result.

Without going into the details of these various tables, which are a mathematical demonstration of this matter, I shall ask that they be inserted without reading.

The PRESIDING OFFICER. Without objection, leave will be granted.

The tables referred to are as follows:

TABLE 2.—Number of pounds of leaf consumed annually, 1895–1906, in the manufacture of all tobacco produced in the United States.

Year.	Total number of pounds consumed.	
1895	344,633,888	Before increase.
1896	329,614,960	
1897	364,915,119	
1898	355,226,964	War tax on, yet consumption increased.
1899	374,186,167	
1900	386,422,056	
1901	406,048,070	War tax off, but price still on.
1902	435,028,484	
1903	451,023,800	
1904	458,652,792	
1905	467,665,776	
1906	491,817,044	

Mr. BEVERIDGE. I have put in brackets the periods before the tax was increased, when the increased tax was in effect, and when the increased tax was taken off, but the price still kept up. It shows conclusively that the tax has had nothing to do with the consumption.

TABLE 3.—The number of hogheads sold, amount realized, and average price per pound of burley tobacco on the Cincinnati market, 1895-1905.

Year.	Number of hogheads.	Amount realized.	Average price (cents per pound).
1895.....	72,681	\$8,187,806.83	6.05
1896.....	70,396	5,861,475.72	5.07
1897.....	81,781	7,916,121.76	6.02
1898.....	52,247	5,693,087.49	8.56
1899.....	64,711	6,186,414.31	7.90
1900.....	54,641	5,585,740.57	8.11
1901.....	54,932	5,203,721.37	7.46
1902.....	51,045	4,955,082.34	7.16
1903.....	54,284	5,435,453.58	8.02
1904.....	20,060	2,415,760.53	9.17
1905.....	40,215	4,458,046.41	9.13

^a War tax on.

In this table it should be noted that the decrease of hogheads is caused by the decreasing importance of Cincinnati as a tobacco market, Louisville gaining on that city in this particular.

Of course everybody knows that burley tobacco is an important class of leaf, entering almost entirely into domestic consumption. So the effect of changes in the internal-revenue tax on tobacco would be noticed in the price of burley tobacco, if anywhere. It must be observed that the price of this important leaf was much lower before the war tax of 1898 was put on than during the war period; and the first year after the tax was taken off the price of burley leaf actually decreased. It increased in 1904 and 1905 for well-known local causes, that have been referred to.

The next table shows the average price at Louisville and Cincinnati markets, by periods. It demonstrates that the price of tobacco actually was higher in these markets during the period covered by the war tax than during the period before the war tax was put on. The increase for the last period was due to the causes already mentioned.

TABLE 4.—Average price at Louisville and Cincinnati markets, by periods.

Period.	Average price Louisville.	Average price Cincinnati.
	Cents.	Cents.
1896-1899.....	6.47	7.49
1899-1902 ^a	6.84	7.78
1903-4.....	7.32	9.15

^a Inclusive. ^b Before war tax. ^c With tax. ^d After tax removed. First period—low price, with no tax, due to general depression.

Table 5 shows the average price from 1895 to 1904 of dark export tobacco, which, not being affected by the tax, nevertheless shows the same fluctuations.

TABLE 5.—Average price per pound paid for crops, 1895-1904, for dark tobacco. (Export.)

Crop of—	Average price (cents per pound).
1895.....	5.81
1896.....	6.61
1897.....	9.13
1898.....	6.27
1899.....	6.18
1900.....	7.21
1901.....	6.12
1902.....	5.55
1903.....	4.75
1904.....	6.23

Table 6 is a complete demonstration that the tax has no effect upon the price of the leaf. Observe that the three years from 1899 to 1901, inclusive, when the tax was on, show leaf

on the average higher than the succeeding years, when the war tax was taken off.

TABLE 6.—Total production of Virginia, North Carolina, and South Carolina, with average price per pound.

Year.	Pounds produced.	Average price per pound.
		Cents.
1899.....	270,284,270	6.33
1900.....	248,271,588	6.66
1901.....	233,970,911	8.00
1902.....	300,915,608	7.00
1903.....	280,132,896	5.83
1904.....	203,290,455	8.06

^a War tax.

^b Without tax.

The next table, No. 7, is compiled from the records of the Board of Trade of Danville, Va., and is a demonstration to the same effect.

TABLE 7.—Average prices received for loose leaf tobacco on the warehouse floors of the Danville (Va.) market, by years, from 1895 to 1904.

Crop.	Pounds.	Value.	Average price.
			Cents.
1895.....	40,160,999	\$3,127,558.42	7.79
1896.....	46,693,654	3,013,983.13	6.46
1897.....	49,464,741	3,894,820.74	7.81
1898.....	48,939,542	3,252,985.26	6.64
1899.....	54,107,580	3,648,378.88	6.74
1900.....	37,134,088	2,740,984.62	7.38
1901.....	33,685,062	3,454,150.34	10.25
1902.....	46,710,547	4,095,216.12	8.55
1903.....	42,908,497	3,408,185.45	7.94
1904.....	38,029,050	3,251,633.66	8.55

^a Before tax.

^b With tax.

^c Without tax.

Without consuming more time, I will say that these tables, which I will insert without further explanation, are complete and unanswerable demonstrations that the tax never has had, and does not now have, the slightest effect upon the price of leaf. With reference to Table 9, I will, however, call attention to the remarkable fluctuation after the tax was taken off. The price of leaf, as shown in this table, rose for only two years after the tax was removed, and then fell to a lower point than at any time in many years.

TABLE 8.—Average prices paid in Danville (Va.) market for bright tobacco, by periods of years.

Years.	Average number of pounds sold.	Average price.
		Cents.
1872-1878, inclusive.....	20,153,492	13.18
1879-1883.....	30,465,495	11.71
1884-1888.....	33,355,585	10.10
1889-1893.....	36,756,688	9.79
1894-1898.....	40,893,145	7.33
1899-1904.....	42,095,800	8.23

^a Tax high.

^b Tax reduced.

^c Tax off.

^d Tax on.

TABLE 9.—Table showing the total leaf purchases of the American Tobacco Company in the bright-leaf districts of Virginia, North and South Carolina.

Year.	Number of pounds purchased.	Total amount paid.	Average price per pound.
			Cents.
1897.....	23,071,000	\$1,531,000	6.64
1898.....	23,632,000	1,576,000	6.67
1899.....	30,581,000	2,064,000	6.75
1900.....	52,946,000	3,105,000	5.87
1901.....	32,751,000	2,387,000	7.29
1902.....	40,300,000	4,020,000	9.90
1903.....	65,095,000	6,516,000	10.01
1904.....	104,057,000	6,049,000	5.81
1905.....	71,450,000	5,426,000	7.60
1906.....	87,923,000	6,944,000	7.90

^a Before tax.

^b With tax.

^c Without tax.

As to the price to the consumer, Mr. President, tobacco is an exception to the rule. It is a matter of extreme difficulty, as manufacturers will tell you, to increase the price to the consumer. That is for the reason that the size of the package is fixed by law; the price is fixed by custom at 5, 10, 15, and 25 cents, and so forth; the size of the cut of the plug is also thus determined; and thus a raise in price is only accomplished and has only ever been accomplished by the most extravagant advertising.

For example, when the tax was reduced after the Spanish war, the price having been advanced in various ways by the amount of the tax, it cost the American Tobacco Company, as is shown in the government report, millions of dollars in advertising to hold up the price. That price is now fixed by custom. To add this small amount of increased tax would cost the company much more in advertising than the amount of the tax. That they know this is true and that they know they will have to pay the tax out of their pockets is proved by their determined resistance to this amendment.

It was said that no growers appeared before the subcommittee; but the manufacturers did appear before the subcommittee and bitterly resisted this amendment. The first to appear was the counsel of the American Tobacco Company. If they are not to be affected, how does it happen that they are the ones who are protesting?

The reasons that I have given lift tobacco out of the general rule; but there is another reason that does apply universally. That is that whenever the seller of any article raises the price of the article above what the market will stand, the consumption immediately falls off, and while the seller nets more on a single sale, he loses on his gross sales.

I present here a table of figures taken by the Government from the books of the American Tobacco Company, showing that in 1906 and in 1907, when they thought they could raise prices arbitrarily and raise them above what the market would stand, the consumption immediately dropped so that upon these 11 brands the profits decreased \$1,244,456 just by that experiment. Upon the other brands, of which there are a great number, they did not raise the price above the danger line, and it is upon these brands that their enormous profits are made.

Table showing decrease in profits of American Tobacco Company on 11 brands of tobacco, decrease being caused by attempting to raise price.

Brand No.—	Net profit, 1907.	Net profit, 1906.
1.....	\$2,574,338.32	\$2,656,865.04
2.....	2,841,547.80	3,318,584.84
3.....	178,188.50	337,207.14
4.....	738,778.08	924,758.24
5.....	560,609.73	620,269.92
6.....	72,840.59	83,703.36
7.....	323,658.79	317,134.02
8.....	95,838.70	159,475.45
9.....	187,668.22	348,885.11
10.....	75,040.62	80,372.43
11.....	413,945.10	454,715.75
Total.....	\$8,057,514.45	9,301,971.30

* Decrease, 1907 from 1906, \$1,244,456.85.

Mr. NEWLANDS. Mr. President—
The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Nevada?

Mr. BEVERIDGE. Yes; I do. I wish to get through in a few moments.

Mr. NEWLANDS. I simply wish to ask a question.

Mr. BEVERIDGE. Very well.

Mr. NEWLANDS. I wish to ask the Senator what proportion of the total tobacco of the country the tobacco trust controls as contrasted with the independent manufacturers?

Mr. BEVERIDGE. Something over 80 per cent, except in the case of cigars.

Mr. NEWLANDS. The Senator's contention, then, is that the imposition of this tax will not raise the price to the consumer?

Mr. BEVERIDGE. It is.

Mr. NEWLANDS. But the tax will simply be paid by the tobacco trust?

Mr. BEVERIDGE. It will—80 per cent of it.

Mr. NEWLANDS. It will also be paid by the independent manufacturers, will it not?

Mr. BEVERIDGE. To the extent of his business. That is demonstrated in the remarks I had the honor to submit some time ago, which were based upon the figures of the Government.

That the manufacturer does pay this tax—and that means practically that the American Tobacco Company pays it—is demonstrated by several telegrams which the Tobacco Leaf published in its efforts to kill this amendment. That journal sent out broadcast over the country to various manufacturers asking for these telegrams of protest. I shall not stop to read, but shall insert in these few remarks statements made in these telegrams from the various manufacturers declaring that they will have to pay the tax, and that that is the reason why they resist it.

Among these responses, however, were two from companies of the kind you sometimes find—men who are willing to pay a fair proportion of the burdens of the Government, and who are wise enough to know that it is better to do that than to continue an injustice. One which I have heretofore inserted in my remarks was from the great independent firm of the Surbrug Company, who actually say—and I suppose this escaped the editor before he saw it or he would not have printed it—they think that in most instances even a higher tax than I had proposed ought to be paid.

They say that on tobacco an increase of 2 cents a pound would hardly be noticeable; that on cigarettes a small increase would affect very few; but that at the end of each year the added amounts obtained by these small increases in revenue would amount to an enormous sum for the Government, as they would be derived from an indirect taxation that would work hardship to none.

In one telegram published by the Tobacco Leaf, protesting against this amendment, the reporter of that paper says that the manufacturers are opposed to the amendment, and continues:

"They claim the tax is high enough, and that the entire BURDEN OF THE INCREASE WOULD FALL UPON THE MANUFACTURERS."

Another manufacturer says in his telegram that the amendment "would have a very bad effect on cigar manufacturing interests, from the fact that when prices are established by manufacturers on their brands of cigars, it is no easy matter to raise them." If true of cigars, of course this is true of other forms of tobacco.

Another manufacturer says in his telegram: "We object to the proposed increased tax on all tobaccos. In the event of such the manufacturer would suffer."

But while all objected, still two of them actually proposed an increase. For instance, R. Whalen & Co., say in their telegram:

"We would favor a greater tax of 6 cents a pound on all tobacco that retails for less than 50 cents a pound, and 18 cents on all that retails for 50 cents and over. This would be fair, honest, and just, and would furnish all the revenue needed."

Mr. President, this case is made up. I shall not even make an extended résumé of it. I have already taken hours of the Senate's time, laying repeatedly before it what was done in 1902—how the American Tobacco Company foresaw this action by Congress, as the government reports show, and have profited by it to the extent of from fifteen to nearly twenty millions of dollars a year that have gone from the Treasury of the Government to the treasury of the trust. I have shown that tobacco is now taxed less than at any time in our history since internal revenue taxation began, excepting only for the brief period immediately before the Spanish war. I have shown that even if we tax it as highly as we did prior to 1883, when we reduced the tax solely to reduce the surplus, and not because it was thought the tax was too high, even then we would not be taxing it from one-half to one-fifth what other countries tax it.

The situation is this: The American Tobacco Company and other manufacturers are still collecting the war tax that we removed and are transferring it from the Government's Treasury to their pockets, as the books of the manufacturers show, the reports of which have been laid before Congress. We now have the opportunity of undoing, as far as we may, the evil legislation of 1902 on the one hand, and of diverting from the treasury of the trust to the Treasury of the Government \$9,500,000 annually on the other hand.

The tables I have presented demonstrate that not one cent of that will come from the leaf grower. The reasons I have given show that not one cent of the tax will come from the consumer. The Senator from Virginia [Mr. DANIEL] need not fear for the laborer. The American Tobacco Company now pays him as little as possible. The sole question is this: Do we need this revenue more than the American Tobacco Company does?

One thing more Senators should bear in mind: This amendment does not touch a single union cigar maker in the country. Before I finally modified it, when I presented it the second

time, I went over that matter with the union labor cigar people. It does not increase the tax one cent on 95 per cent of the cigars produced in the country.

Mr. BAILEY. Mr. President, it is, to my mind, a curious kind of argument which admits that the tobacco trust did charge to the consumer the war tax of 1898, and after the tax was repealed refused to remit that repealed tax to the consumer, and yet concludes that it will not now charge this tax to the consumer. The very fact that the tobacco trust exercises such a control over the market as enabled it to transfer the tax to the consumer when the Government levied a tax on it in 1898, and yet could refuse to reduce the price of tobacco when the Government reduced the tax, is to my mind a demonstration that the trust can and will compel somebody else to pay this tax if the Government now levies it. That it found a way to transfer to the consumers the tax levied to pay the expenses of the Spanish war is admitted here. Then, by what process of reasoning can we be asked to conclude that this tax will not also be transferred to the consumer.

If the state of the tobacco trade makes it impossible to transfer that tax to those who consume tobacco, then, to an absolute certainty, the tobacco trust will take it out of the men who grow tobacco. Any organization in this country which controls 80 per cent of a product will always exert such a command over the market that it can lay the burden where it pleases. If these people controlled 40 or 50 per cent, then the competition of the independent companies might render them powerless to take from the people who sell them the tobacco any part of this tax, and might likewise render it impossible for them to transfer any part of the tax to the people who buy their tobacco. The fact that this organization controls 80 per cent of the market—and that means that it purchases 80 per cent of all that the farmers sell and sells 80 per cent of all that the tobacco consumers buy—makes it, to my mind, a patent proposition that it will not pay the tax; and if I needed anything except the argument upon the principle to convince my mind, I would find it in the fact that when the Government did increase the tax the trust did increase the price.

Mr. President, it will not do to assume from the course of prices that a tax exerted a given effect, because many factors enter into and determine the price of every commodity. It is quite within the experience of all Senators here that sometimes even under a higher tax a commodity sells at a lower price. But that does not prove that it would not have sold still lower, except for the tax. That is one of the vices of the protectionist argument. They tell us that twenty years ago a given commodity sold at a given price, and that under the operation of the beneficent protective system it now sells for 75 per cent of its former price, and they thus invite the people to conclude that the tariff has produced the reduction. That is not the real test. The real test is what would that commodity sell for in our markets, except for the tariff; and that test is brought to a demonstration by taking the price abroad and adding to that price the cost of bringing the article here. Without the tariff added the price in our markets would be the foreign price, plus the cost of transportation and plus a fair profit to the man who imported it.

So it will not do, either in this or any other case, to declare that the tax has exerted no influence over prices because prices happened to be the same after the tax was reduced as they were before the tax was increased. The very tables which the Senator from Indiana has laid before the Senate show that the price varied in the years before the Spanish war came to demand that increase, and those tables likewise show that prices have varied since the tax was repealed. So it does not establish any contention to say that the farmers receive as much for their tobacco as they did aforetime.

The Kentuckians have a way of selling their tobacco to the trust, somewhat novel, but which has been demonstrated to be very effective. While I do not approve of that process, I am not perfectly certain that the men who take by force are not just about as honest and ought to be about as respectable as the men who take by fraud; and I am not sure that the tobacco trust, which levies upon the people an extortionate price upon what they consume, ought to enjoy our favor any more than those Kentuckians who ride at night to regulate such affairs. I approve neither method.

Let us pause and remember that the very object of forming a trust is to control the price it pays for the raw material and the price it receives for the finished product. Unless it could in a large measure control both transactions, a trust would fail of the very object of its organization; and I am compelled to believe that as you increase the tax on tobacco, this gigantic corporation will divide its burden between the people who con-

sume tobacco and the people who produce tobacco, and I am by no means certain that it will not take it first out of the people from whom it buys its raw material and then take it all again out of the people to whom it sells the finished product.

If I could be persuaded by any kind of reasoning that we could tax this trust \$9,500,000, and neither subtract anything from what the farmer receives for his tobacco nor add anything to what the American citizen pays for the tobacco he consumes, I would be glad to assess these people this large amount.

Mr. President, if we want to curtail the power of the trust, there is another proposition pending here deemed by its supporters of great importance. If we will agree to the amendment urged by the two Senators from Kentucky and the Senators from Tennessee to remove entirely the tax from certain leaf tobacco, it will afford a larger relief and, in my opinion, will be a more serious blow against the trust than anything proposed in this pending amendment. But I record it as my belief that if Congress can be persuaded to lay this tax upon this article of almost universal use, it will be laid ultimately upon the people, probably dividing the burden with the people who produce tobacco and those who consume it. The trust will never pay a cent except what it takes at first and at last out of the producer and the consumer.

Mr. FLETCHER. Mr. President, as indicating the views of people engaged in the manufacture of cigars and interested in one phase of this question, I ask to have read a telegram which I have just received.

The PRESIDING OFFICER. If there be no objection, the Secretary will read as requested.

The Secretary read as follows:

TAMPA, FLA., July 8, 1909.

HON. DUNCAN U. FLETCHER,
Senate, Washington, D. C.:

Beveridge amendment increasing internal tax on cigars would be severe blow to the manufacturers of clear Habana cigars. We request you use your best efforts to defeat same.

TAMPA MANUFACTURERS' ASSOCIATION,
ENRIQUE PENDAS, President.

Mr. SMOOT. Mr. President, I simply want to call the attention of the Senator from Florida to the fact that there is no increase on cigars that is proposed in the amendment.

Mr. BAILEY. No; they leave it off of the men who can well afford to buy cigars and put it on the people who have to take their comfort in a plug of cheap tobacco.

Mr. FLETCHER. I understand that there is an increase on cigars where they are valued at \$75 a thousand and above. There is no increase up to that point, but there is an increase on the more expensive cigars.

Mr. SMOOT. That simply applies to cigars that come from Cuba. It does not apply to any domestic cigars whatever.

The VICE-PRESIDENT. The question is on agreeing to the amendment of the Senator from Virginia [Mr. DANIEL] to the amendment. The Secretary will state the amendment.

The SECRETARY. On page 3, line 18, strike out the first word "eight" and insert "six;" and on page 4, line 5, strike out the word "eight" and insert "six."

Mr. SIMMONS. I ask for a ye-a-and-nay vote on the amendment to the amendment.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. BACON (when Mr. CLAY's name was called). My colleague [Mr. CLAY] is necessarily absent, and is paired with the senior Senator from Massachusetts [Mr. LODGE]. If my colleague were present, he would vote "yea."

Mr. DILLINGHAM (when his name was called). Owing to my general pair with the senior Senator from South Carolina [Mr. TILLMAN], who is absent, I withhold my vote.

Mr. GUGGENHEIM (when his name was called). I have a general pair with the senior Senator from Kentucky [Mr. PAYNTER], who is absent. So I shall withhold my vote.

Mr. LODGE (when his name was called). I have a general pair with the Senator from Georgia [Mr. CLAY]. If he were present, I should vote "nay" and he would vote "yea."

Mr. RAYNER (when his name was called). I am paired with the junior Senator from New York [Mr. ROOR].

The roll call was concluded.

Mr. BOURNE. I have a general pair with the senior Senator from Oklahoma [Mr. OWEN]. By mutual consent, we have dissolved that pair for to-day. I therefore vote "nay."

Mr. BAILEY. I wish to announce that the Senator from Kentucky [Mr. PAYNTER] is now and has been for more than a week at the hospital, and therefore unable to attend the sessions of the Senate. If he were present, I am sure he would vote "yea."

The result was announced—yeas 24, nays 53, as follows:

YEAS—24.			
Bacon	Fletcher	McLaurin	Simmons
Bailey	Foster	Martin	Smith, Md.
Bankhead	Frazier	Money	Smith, S. C.
Chamberlain	Gore	Newlands	Stone
Culberson	Johnston, Ala.	Overman	Taliaferro
Daniel	McEnery	Shively	Taylor
NAYS—53.			
Aldrich	Carter	Frye	Page
Beveridge	Clapp	Gallinger	Penrose
Borah	Clark, Wyo.	Gamble	Perkins
Bourne	Crane	Hale	Piles
Bradley	Crawford	Heyburn	Smith, Mich.
Brandeggee	Cummins	Johnson, N. Dak.	Smoot
Briggs	Curtis	Jones	Stephenson
Bristow	Depew	Kean	Sutherland
Brown	Dick	La Follette	Warner
Bulkeley	Dixon	Lorimer	Warren
Burkett	Dolliver	McCumber	Wetmore
Burnham	du Pont	Nelson	
Burrows	Elkins	Nixon	
Burton	Flint	Oliver	
NOT VOTING—15.			
Clarke, Ark.	Dillingham	Owen	Root
Clay	Guggenheim	Paynter	Scott
Cullom	Hughes	Rayner	Tillman
Davis	Lodge	Richardson	

So Mr. DANIEL'S amendment to the amendment was rejected. The VICE-PRESIDENT. The question is on agreeing to the amendment of the committee.

Mr. MARTIN. I should like to have a vote on sections 14 and 15. Let them be voted on separately from the other sections. The VICE-PRESIDENT. The Senator from Virginia asks for a separate vote on subsections 14 and 15?

Mr. MARTIN. Yes, sir.

The VICE-PRESIDENT. On each of the two?

Mr. MARTIN. On the two together. They are to the same effect.

The VICE-PRESIDENT. A separate vote is asked on subsections 14 and 15. The question is on agreeing to all the amendments save sections 14 and 15.

Mr. BAILEY. I want a yea-and-nay vote on the amendment before it is adopted.

The VICE-PRESIDENT. Very good. The Chair suggests that the first vote be taken on subsections 14 and 15. The question then will be on the remaining amendment.

Subsections 14 and 15 were agreed to.

The VICE-PRESIDENT. The Senator from Texas demands the yeas and nays on agreeing to the amendment.

Mr. SMOOT. I desire to call attention to section 16, and I ask that the sections named there, 10, 11, 12, 13, 14, and 15, be left blank, because they will not appear as sections in the bill.

Mr. BEVERIDGE. The numbers to be left blank.

Mr. SMOOT. Yes; we can put in the numbers afterwards.

The VICE-PRESIDENT. Is there objection to the request of the Senator from Utah? The Chair hears none.

The Senator from Texas asks for the yeas and nays on agreeing to the amendment.

The yeas and nays were ordered.

Mr. CULBERSON. Will the Chair be kind enough to state the question?

The VICE-PRESIDENT. The question now is on agreeing to the amendment offered by the Senator from Utah, the portion—

Mr. CULBERSON. Except sections 14 and 15.

The VICE-PRESIDENT. Except sections 14 and 15, which have already been agreed to. The Secretary will call the roll. The Secretary proceeded to call the roll.

Mr. DILLINGHAM (when his name was called). I again announce my pair with the senior Senator from South Carolina [Mr. TILLMAN] and withhold my vote.

Mr. GUGGENHEIM (when his name was called). I again announce my general pair with the senior Senator from Kentucky [Mr. PAYNTER].

Mr. LODGE (when his name was called). I again announce my pair with the Senator from Georgia [Mr. CLAY]. If he were present, I should vote "yea," and he would vote "nay."

Mr. RAYNER (when his name was called). I am paired with the junior Senator from New York [Mr. ROOT].

The roll call was concluded.

Mr. DEPEW. I wish to announce that my colleague [Mr. ROOT] is on his way from the Champlain celebration, and will arrive early this afternoon. My colleague is paired with the Senator from Maryland [Mr. RAYNER].

Mr. GORE. My colleague [Mr. OWEN] is paired with the senior Senator from Oregon [Mr. BOURNE]. If my colleague were present, he would vote "nay."

Mr. CULBERSON. The Senator from Arkansas [Mr. DAVIS] is paired with the Senator from Illinois [Mr. CULLOM]. The Senator from Arkansas, if present, would vote "nay."

The result was announced—yeas 52, nays 25, as follows:

YEAS—52.			
Aldrich	Burton	Elkins	Nixon
Beveridge	Carter	Flint	Oliver
Borah	Clapp	Frye	Page
Bourne	Clark, Wyo.	Gallinger	Penrose
Bradley	Crane	Gamble	Perkins
Brandeggee	Crawford	Hale	Piles
Briggs	Cummins	Heyburn	Smith, Mich.
Bristow	Curtis	Johnson, N. Dak.	Smoot
Brown	Depew	Jones	Stephenson
Bulkeley	Dick	Kean	Sutherland
Burkett	Dixon	La Follette	Warner
Burnham	Dolliver	Lorimer	Warren
Burrows	du Pont	Nelson	Wetmore
NAYS—25.			
Bacon	Foster	Martin	Smith, S. C.
Bailey	Frazier	Money	Stone
Bankhead	Gore	Newlands	Taliaferro
Chamberlain	Hughes	Overman	Taylor
Culberson	Johnston, Ala.	Shively	
Daniel	McEnery	Simmons	
Fletcher	McLaurin	Smith, Md.	

NOT VOTING—15.			
Clarke, Ark.	Dillingham	Owen	Root
Clay	Guggenheim	Paynter	Scott
Cullom	Lodge	Rayner	Tillman
Davis	McCumber	Richardson	

So the amendment was agreed to.

Mr. TALIAFERRO. While the vote was being taken on the amendment which was just adopted I received several telegrams from parties in Florida largely interested in the manufacture of cigars, stating that the provisions of the amendment would be of great injury to their business, which I ask may be printed in the RECORD.

The VICE-PRESIDENT. Without objection, the telegrams will be printed in the RECORD.

The telegrams are as follows:

TAMPA, FLA., July 8, 1909.

Senator TALIAFERRO,
Senate, Washington, D. C.:

Try best to defeat increase internal revenue. It will work hardship. Believe cheap-goods factories are fostering same wherein child labor is employed. We employ skilled workmen at high wages. Profits on Havana cigars too small to stand increase. This measure, if enacted, will assist unscrupulous makers of so-called "cigars."

F. GARCIA & BROS.

TAMPA, FLA., July 8, 1909.

Senator TALIAFERRO,
Washington, D. C.:

Do your utmost best defeat increase on internal-revenue taxes; will ruin our business.

A. SANTAELLA & Co.

TAMPA, FLA., July 8, 1909.

Hon. JAMES P. TALIAFERRO,
Senate:

Beveridge amendment to cigar schedule distinctively inequitable, and would seriously injure interests of cigar manufacturers and skilled labor.

F. LOZAN SON & Co.

TAMPA, FLA., July 8, 1909.

Hon. JAMES P. TALIAFERRO,
United States Senate, Washington, D. C.:

Beveridge amendment severe blow all high-grade factories. Doubtless compel us reduce wages of our skilled labor and cause labor trouble.

LEOPOLD POWELL & Co.

TAMPA, FLA., July 8, 1909.

Hon. JAMES P. TALIAFERRO,
Senate:

The proposed Beveridge amendment to increase the internal-revenue tax on a sliding scale on high-grade cigars is unfair to Tampa manufacturers and will work a great detriment to the entire independent clear Havana cigar industry. If necessary to increase tax, we prefer a uniform rate, to apply on all classes of cigars. The proposed amendment discriminates against the majority of the manufacturers who come under this tax. Tampa makes a large percentage of cigars affected by the increased tax, and should the bill pass it would mean disaster to our business. We appeal to you for protection.

V. GUERRA DIAZ.

TAMPA, FLA., July 8, 1909.

Hon. JAMES P. TALIAFERRO,
Washington, D. C.:

Beveridge amendment increasing internal-revenue tax on cigars would be severe blow to the manufacturers of clear Havana cigars. We request you use your best efforts defeat same.

ENRIQUE PENDAS,
President Manufacturers' Association.

NEW YORK, July 8, 1909.

Hon. JAMES P. TALIAFERRO,
Senate:

The proposed graduated internal-revenue tax on cigars will work a serious injury to the clear Havana cigar industry in the United States,

as well as opening the door to fraudulent practices. We solicit your cooperation in maintaining the present internal-revenue tax on cigars.
F. LOZANO SON & CO.

Mr. BRADLEY. I offer an amendment as an additional section, to come in after the amendment which has just been adopted. The amendment proposes to remove the tax from leaf tobacco.

The VICE-PRESIDENT. The Secretary will read the amendment submitted by the Senator from Kentucky.

The SECRETARY. It is proposed to add at the end of the bill the following:

That subsection 9 of section 3244 of the United States Revised Statutes as amended by section 69 of the act entitled "An act to reduce taxation, to provide revenue for the Government, and for other purposes," of August 27, 1894, be, and the same is, amended so as to read as follows:

"Every person whose business it is to manufacture tobacco or snuff for himself, or who employs others to manufacture tobacco or snuff, whether such manufacture be by cutting, pressing, grinding, crushing, or rubbing any raw or leaf tobacco, or otherwise preparing raw or leaf tobacco, or manufactured, or partially manufactured tobacco or snuff, or the putting up for use or consumption of scraps, waste, clippings, stems, or deposits of tobacco, resulting from any process of handling tobacco, or by the working or preparation of leaf tobacco, tobacco stems, scraps, clippings, or waste, by sifting, twisting, screening, or any other process, shall be regarded as a manufacturer of tobacco: *Provided*, That unstemmed tobacco in the natural leaf and not manufactured or altered in any manner shall not be subject to any internal-revenue tax or charge of any kind whatsoever, and it shall be lawful for any person to buy and sell such unstemmed tobacco in the leaf without payment of tax of any kind: *Provided further*, That any person who sells natural leaf tobacco to manufacturers of tobacco, snuff, or cigars shall be deemed and considered a dealer in leaf tobacco and become subject to all the provisions, rules, and regulations of subsection 6 of section 3244, United States Revised Statutes, as amended by section 14, act of March 1, 1879, and also as amended by the act of March 3, 1883, and further, shall be subject to all the provisions of section 3360, United States Revised Statutes, as amended by section 14, act of March 1, 1879, and of sections 3359 and 3391, United States Revised Statutes: *And provided further*, That farmers and growers of tobacco may sell leaf tobacco of their own growth and raising to manufacturers of tobacco, snuff, or cigars without being considered leaf dealers or manufacturers of tobacco and shall not be subjected to the sections of the law and amendments thereof above named; and so much of section 3244 of the Revised Statutes of the United States and acts amendatory thereof as are in conflict herewith are hereby repealed: *Provided further*, That it shall be the duty of every farmer or planter producing or selling leaf tobacco, and every subsequent vendor of same, on demand of any internal-revenue officer or other authorized agent of the Treasury Department, under regulations to be prescribed by the Commissioner of Internal Revenue with the approval of the Secretary of the Treasury, to furnish such officer or agent a true and complete statement, verified by oath, of all his sales of leaf tobacco, the number of hogsheds, cases, or pounds, with the name and residence in each instance of the person to whom sold and the place to which it is shipped. And every farmer or planter or subsequent vendor, who willfully refuses to furnish such information, or who knowingly makes false statements as to any of the facts aforesaid, shall be guilty of a misdemeanor and shall be liable to a penalty not exceeding \$500. And so much of section 3244 of the Revised Statutes, and acts amendatory thereof, as are in conflict herewith are hereby repealed; and section 3361 of the Revised Statutes is hereby repealed."

Mr. ALDRICH. The committee accepts that amendment as far as it can do so.

Mr. FRAZIER. Mr. President, I do not propose to detain the Senate to discuss this amendment at length. It is a very important one for the tobacco producers in my State and elsewhere. Both the senior Senator from Kentucky [Mr. PAYNTER] and myself have introduced amendments very similar to this. I heartily favor this amendment.

Mr. President, this amendment to give freedom of trade in leaf tobacco is of stupendous importance to the hundreds of thousands of farmers, in Kentucky and Tennessee and elsewhere, who are engaged in the cultivation and production of tobacco.

This is not in any sense a political question. It does not involve any question of protection or a tariff for revenue. It is an internal-revenue tax upon one of the farm products of this country. It is a business proposition in which is involved a question of simple justice to thousands of honest toilers, who feel that, under existing law, they are being oppressed by a monopoly.

Mr. President, I invite the Senate to a careful and candid consideration of this question, feeling, as I do, that if Senators know and fully understand the conditions which prevail, and which have for a number of years prevailed, in the tobacco districts of the country, it will appeal with irresistible force to the sense of fairness and justice of every Senator in this Chamber. It is a great industry, from which the Government is receiving annually more than \$40,000,000 in revenue and upon which more than a million of people are dependent for subsistence.

Mr. President, I do not arise to speak for great capitalists, who come asking that their investments may be protected from competition and that their profits may be enhanced by act of Congress. I speak for plain farmers, who have but small capital, for tenants who have even less, and for the laborers who

toil in the tobacco fields of the country. They have no lobby quartered at the hotels in this city and swarming through the corridors of this Capitol. They are not able to come here and buttonhole Senators and personally plead their case. They depend solely upon the justice of their cause; and they have a right, Mr. President, to expect to receive at the hands of this Congress that just and fair treatment which should be accorded to every citizen and to every industry within the confines of the Republic. They are not asking that taxes be laid upon others for their benefit. They are asking only that the heavy hand of the law be lifted from their shoulders, and that they be accorded the same rights and privileges, no more and no less, that have always been accorded to every other agricultural product of this country—the right to sell what their labor produces from the soil as it comes from the soil without restriction and without tax. They ask simply that the law may untie their hands, that they may, by their own unaided efforts, create for themselves a market in which there shall be legitimate competition for their products now denied them by the power and the injustice of a gigantic monopoly.

The purpose and effect of this provision, Mr. President, is to remove all restrictions and all tax, and allow absolute freedom in the purchase and sale of leaf tobacco in the hand, in the raw and unmanufactured state just as it is taken from the stalk by the farmer. This leaf tobacco is stripped from the stalk by the producer and the leaves bound together in what is known as a "hand." The hand of tobacco is to tobacco what the bundle of fodder is to the stalk of corn and the sheaf to the wheat. It is the leaf in its crude and natural state just as it is gathered and cured by the farmer.

This amendment will accomplish two things, both of which, under existing conditions, are of the greatest importance to the tobacco growers of the country, and especially to those growers in the dark-tobacco district of Tennessee and Kentucky, as I will endeavor to show before I conclude:

First, it will allow the tobacco grower to sell his crop in the leaf, by himself or through an agent, without restriction or limitation and without paying a tax.

Second, it will allow his vendee to sell tobacco in the leaf, in its natural state, to whomsoever he will, without restriction and without the payment of a tax.

Mr. President, that Senators may see just what the existing law is, I will read that part involved in this controversy:

SEC. 69. Every person shall be regarded as a manufacturer of tobacco whose business "it is to sell leaf tobacco in quantities less than a hogshhead, case, or bale; or who sells directly to consumers, or to persons other than duly registered dealers in leaf tobacco, or duly registered manufacturers of tobacco, snuff, or cigars, or to persons who purchase in packages for export; and all tobacco so sold by such persons shall be regarded as manufactured tobacco and such manufactured tobacco shall be put up and prepared by such manufacturers in such packages only as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe."

Provided, That farmers and growers of tobacco who sell leaf tobacco of their own growth and raising shall not be regarded as manufacturers of tobacco; and so much of section 3244 of the Revised Statutes of the United States, and acts amendatory thereof, as are in conflict with this act are hereby repealed.

Provided further, That section 27, chapter 1244, page 863, volume 1 of Supplement to the Revised Statutes of the United States (which was the McKinley law) "be amended by striking out all after the word 'repealed.'"

It will be seen that this section deprives the vendee of the farmer, or producer of tobacco, of the right to sell this leaf tobacco without paying the tax. Another very remarkable provision of the law is this: Tobacco in the hand or leaf, in its natural state, just as the farmer cures it, without any process of manufacture whatever, is declared to be manufactured tobacco and subject to the payment of the 6 cents tax until you get 2,000 pounds together and put it in a hogshhead, and then, though unchanged in character, it ceases to be manufactured tobacco and again becomes, by operation of this anomalous law, tobacco in the leaf and may be sold without tax. Both the vender and the vendee may sell the hogshhead without the payment of the tax. But the farmer who produces that tobacco can not sell it in small lots to the consumer without delivering it in person, and his vendee can not sell it at all without the payment of the tax. The effect of this law is to force all tobacco into the hands of the manufacturer or exporter and to prevent the consumer from getting tobacco in the natural state. There are many consumers of tobacco, particularly of smoking tobacco, who would prefer to buy the leaf and themselves crumple or granulate it, suitable for the pipe. It is the best in that state because the purest. But under existing law that privilege is denied the consumer, and he is forced to pay the manufacturer from 40 to 60 cents a pound for what has cost the manufacturer not to exceed half a cent a pound to manufacture. The producer is, in effect, denied the right to sell, and the consumer is denied the right to buy, tobacco in

its natural state, though he might thus obtain a cheaper and purer tobacco.

The proviso of the existing law has been construed by the Commissioner of Internal Revenue. It has been held to mean that a grower may sell his product to the consumer, but he can not do so through an agent. The department has held that the right of the grower to sell and deliver his tobacco is a personal privilege, and can not be delegated to anyone else. I read from a letter from Hon. J. M. Yerkes, former Commissioner of Internal Revenue:

YERKES' LETTER.

In reply you are informed that a farmer or grower of tobacco may sell tobacco of his own growth or raising or that which he receives from his tenants as rent for land without restriction as to the quantity sold or the business of the person to whom the tobacco is sold and delivered. This privilege is one which the farmer or grower can not delegate to another person.

The farmer can not employ an agent to travel from place to place and sell and deliver his tobacco, but he may himself sell and deliver the tobacco in any quantity. If the tobacco is sold on sample by an agent, it must be delivered by the farmer or grower directly to the purchaser.

Thus it will be seen that the grower must go in person and deliver his tobacco to any consumer to whom he may desire to sell it. He can not send his tenant on his farm or employ an agent to find a purchaser and sell and deliver his tobacco for him. It will be readily seen that if the privilege of selling to the consumer is limited, as it is under existing law, to buyers to whom the producer can deliver in person, it is a privilege without value to the grower, for the reason that those round about him and accessible to him are themselves producers, and are sellers, not buyers, of tobacco. The farmers of Tennessee and Kentucky and elsewhere, who are engaged in the production of tobacco, can not leave their farms and go to Mississippi or Arkansas or Louisiana or elsewhere, where they might find a market for their leaf tobacco, so as to sell and deliver it as the law requires. The expense would make it unprofitable and impracticable. Hence it will be seen, Mr. President, that the practical effect of the law and the interpretation put upon it by the department, is to deprive the tobacco farmer of this pretended privilege, of selling his leaf tobacco to the consumer without tax, and to force him to sell it to one of three purchasers designated under the law—a licensed dealer, a manufacturer, or an exporter. So that, under existing law, the alleged right and privilege of the grower of tobacco, to sell his tobacco in the leaf to the consumer without tax, amounts to no privilege at all, and is practically worthless to him. While he is granted an abstract privilege, he is denied the practical use of it.

But even if the farmer could find a purchaser for his tobacco in the raw state, and had time and opportunity to go in person and sell and deliver it, the purchaser who buys it from the farmer, under existing law, can not resell it, though in the same condition in which he bought it, without paying the tax of 6 cents a pound. Under the law, while the grower has the privilege of selling his tobacco in the leaf directly to the consumer without paying a tax, provided he actually delivers it in person, the purchaser of such tobacco can not himself sell it in the leaf without thereby becoming a manufacturer and having to pay the tax of 6 cents a pound. In other words, no tobacco can be sold, even though in the leaf and in the crude and raw state, after it passes out of the hands of the producer, without payment of the tax of 6 cents per pound, except by a licensed dealer or an exporter. What the producer of tobacco asks, and what, it seems to me, he is justly entitled to, is freedom of trade for himself and his vendee in the product of his farm, in the natural or crude state, just as he harvests it from his field or takes it cured from his barn. The farmer who raises tobacco asks that he may take his tobacco to his merchant and exchange it for those things which his necessities force him to buy, or that he be left free by the law to ship and sell it in the leaf to a merchant or dealer, North, South, East, or West, wherever he can find a purchaser, and that that purchaser may sell it to the consumer, without tax, so long as it remains in its natural state. He does not now ask that the tax be taken off his tobacco after it has been manipulated, twisted, or changed in any respect from the natural state by any process of manufacture.

Now, let me demonstrate, as I believe I can, how this privilege which is sought by the tobacco grower, and which, it seems to me, is such a just and reasonable request, is of the greatest importance to the tobacco producers, particularly in the States of Tennessee and Kentucky. Certain portions of those two States constitute what is known as the "dark-tobacco district." It embraces portions of middle Tennessee and western Ken-

tucky. It is a rich and fertile soil, better adapted to the growth of tobacco than to any other crop. It produces a tobacco of great richness, fine flavor, and delicious aroma. Under ordinary conditions there is produced in that district between 80,000,000 and 90,000,000 pounds of this dark tobacco.

It is a very fine quality of tobacco, and is in great demand not only for manufacturing purposes in this country, but in certain European states whose governments maintain a monopoly in the sale of tobacco. Something like 80 per cent of the product of this dark-tobacco district is exported, and upon that portion of the product which is exported the Federal Government, of course, collects no tax and receives no revenue. A number of European governments, among which are France, Austria, Spain, Italy, and perhaps others, maintain a government monopoly in tobacco; that is, those Governments retain to themselves the exclusive right or privilege to sell tobacco in its various forms to their people, and the profits from this monopoly constitute one of the largest sources of revenue of those Governments. As stated above, the dark tobacco grown in Tennessee and Kentucky is the tobacco most largely used and sold in those countries.

Prior to about 1900 there was a genuine bona fide competition between the buyers of leaf tobacco for these several Governments, known as the "Regie purchasers," and the manufacturers of tobacco in this country, so that the growers of dark tobacco in the dark-tobacco district, by reason of the existence of a legitimate competition, realized a fair price for the products of their farms and a reasonable return for their labor, but since that time practically all competition in the purchase of this leaf tobacco has been eliminated and destroyed, and the tobacco grower now has, to all intents and purposes, only one purchaser for his crop, who absolutely fixes the price of his product and forces him to accept it or let his tobacco rot in his barn. Under present conditions and under existing law the grower of tobacco is at the mercy of this monopolistic purchaser and must accept his terms, though the price which he offers be below the actual cost of production.

Now, let me explain how this condition, so unjust and unfair to the tobacco grower, has been brought about. It must not be forgotten that under existing law the producer of tobacco is not free to sell his tobacco, by himself or his agent, to whomsoever he pleases, but is forced by operation of law to sell to a dealer or a manufacturer or an exporter. In 1890 there was organized under the laws of the State of New Jersey a corporation known as the "American Tobacco Company," with a capital of \$25,000,000. Its ostensible purpose was the manufacture of cigarettes. That corporation, immediately after its organization, began to buy up, to absorb, and to consolidate many of the independent tobacco manufactories in this country, and in less than ten years its control and monopoly of the cigarette manufacture and business was complete. In 1898 the Continental Tobacco Company was organized, with a capital of \$70,000,000. It was controlled by the same men who constituted the dominating influence in the American Tobacco Company, and was, in fact, but a subsidiary of that company. The purpose of its organization was to secure the control and monopoly of the manufacture of plug tobacco, and by a relentless warfare on its competitors and by a process of absorption it accomplished its purpose. It next organized the American Snuff Company, and by the same process of consolidation and absorption it acquired a monopoly of the manufacture of snuff in this country. Thus the American Tobacco Company acquired and holds to-day a complete mastery over the tobacco manufacturing business of the United States, except only that of cigars. In the past eighteen years it has increased its capital to \$316,346,821, and in addition thereto it owns large and controlling interests in many subsidiary companies. So rapid has been its growth, and so far-reaching and complete has been its absorption and control of independent concerns that it controls 82 per cent of the output of plug tobacco in this country, 71 per cent of the smoking tobacco, 81 per cent of the fine cut, and 96 per cent of the snuff, and at this time, by this process of absorption and consolidation, it owns or controls at least 80 per cent of the entire product of all kinds of tobacco manufactured in this country. Its total capitalization, including stocks and securities held by it in subsidiary companies belonging to the combination, is more than \$450,000,000. Its dividends have ranged from 20 to 32 per cent per annum. It completely dominates the American tobacco market, and is able and, in fact, does fix the price to be paid the tobacco grower for the raw product of his farm and likewise fixes the price at which the finished product shall be sold to the consumer.

In 1901 this mighty combination determined to extend its operations and influence abroad, and to more effectually carry out its purposes it organized the Consolidated Tobacco Company, which was a holding company. It entered the British Empire and waged a relentless industrial warfare upon the Imperial Tobacco Company and other competitors there until it forced the Imperial Company to capitulate. Thereupon these two great corporations entered into the treaty of peace, by the terms of which they praeceled out the tobacco world between them. For the information of the Senate I read the substance of that remarkable compact.

It was also agreed that the Imperial should have the trade of Great Britain and Ireland itself. It was likewise arranged that the American Company, in which, of course, the British had no interest, should remain in undisputed possession of the United States, Cuba, and the Philippines. To deal with the outside trade, the British-American Tobacco Company was formed, with both England and American directors, but with the Americans in control. In other words, the Imperial surrendered the entire foreign market to the control of the Americans and gave them an interest in its own business as the price of the peace.

Mr. President, no victorious conqueror of old ever parceled out his conquered provinces among his generals more completely than did these industrial corporations parcel out the tobacco world between themselves. When the monopoly of the tobacco trust had thus been made world wide it entered into some kind of an arrangement with the Regie purchasers, who had contracts to supply the governments which maintained government monopoly in tobacco, by which the dark-tobacco district of Kentucky and Tennessee was to be parceled out, and each assigned a territory, so that there should be no competition in the purchase of that tobacco from those who toiled in the fields to produce it. While the contract or arrangement to prevent competition can not be proven, the fact that competition was absolutely destroyed is susceptible of demonstration. Mr. President, I have here an affidavit, made by a former employee of the tobacco trust, whose character and credibility is vouched for by Hon. A. O. STANLEY, a Member of the House of Representatives from Kentucky, in a letter to me, which I ask to have printed in the RECORD without reading:

HOUSE OF REPRESENTATIVES,
Washington, D. C., May 13, 1909.

Senator JAMES B. FRAZIER,
United States Senate.

MY DEAR SENATOR FRAZIER: I am inclosing you herewith copy of an affidavit made by Mr. A. O. Dority, for whose absolute integrity I can unhesitatingly vouch. I inclose a copy of this statement, which was taken in my presence. I sincerely hope that it may be of some service to you in your fight for this much-needed legislation.

Yours, very truly,

A. O. STANLEY.

The affidavit is by Mr. A. O. Dority and is as follows:

A. O. Dority states:

"It is my opinion that the independent man who bought it could not find a buyer, for the reason that the trust people have bought, with their agents, a sufficient amount to furnish their immediate wants and to control the market, and at that time I was buying for the trust."

"For the first two years prior to the formation of the association I bought for the Italian regie, and the average was about \$4.90, including my commissions, and I bought the best tobacco in our country. The next two years I bought for the American Snuff Company. The prices averaged \$3.67 for the last two years when I bought for the American Snuff Company. Such tobacco is now bringing about \$11. I was in the employ of the Italian regie; I had a territory and no other Italian man bought in my district, and nobody else until I got through, and the American Snuff Company did not buy in my territory while I was working for the Italian regie, and it was the same way when I was working for the American Snuff Company. That is, I had an allotted territory, and no buyer for the Italian regie entered it. While I bought for the American Snuff Company it sold for an average of \$3.67. I bought all kinds of tobacco that was in our section."

"These facts I have previously furnished to Mr. Littlepage, and the facts which I will state, after an examination of my books, I furnished Mr. Littlepage, and which I presume are now in the archives of justice."

More than that, Mr. President, it was proven in the hearings before the House Ways and Means Committee that in my own State one of these purchasers, representing this combination, bought the tobacco of a farmer on one side of a road and refused to even look at or price the tobacco of the same farmer in another barn across the road, though the tobacco was similar in kind and quality and raised on the same farm, because, he said, that was outside of his district. That all competition has been destroyed in the purchase of this tobacco, and that there is a monopoly which arbitrarily dictates the price at which it shall be sold, is proven by testimony which can not be successfully controverted. The price which they will pay for tobacco is agreed upon in advance, so that, in fact and in reality, the producer of tobacco in that district, for the great bulk of his crop, has only one purchaser to whom he can sell. The price

at which he must sell his tobacco is arbitrarily fixed and determined without reference to the cost of production or the interests of the producer, and the farmer must accept the price fixed for him or allow his tobacco to remain unsold in his barn. It is, of course, to the interest of the manufacturer and purchaser of tobacco to obtain the raw material at as little cost, and hence at as low a price, as possible. The lower the price at which the monopoly could force the producer of tobacco to sell his raw product, the greater the profits to the trust; for while this combination was beating down the price of the farmer's product to a starvation figure, it did not allow the deduction of a single penny from the price at which it sold the manufactured product to the American consumer. Thus the tobacco grower is hedged about by restrictions and burdens of law on one hand, and by the trust upon the other. The law binds and holds him fast, while the trust strips him of the fruits of his labor. It seems to me that this injustice to an honest and hard-working people should appeal to the sense of fairness of every Senator here and impel him, so far as possible, to secure for the farmers of this district relief from these unfair conditions. What we seek by this amendment is to free the tobacco farmer from these legal restrictions and from this unjust tax, and thus untie his hands that he may have at least an equal chance in the fight against the trust.

We seek to open the door to him for other purchases and to give him freedom to seek another market, so that when the combination refuses to pay him a fair and just price for the product of his toil he can refuse to sell to the combination and send his tobacco in the natural leaf to seek a market among the consumers of tobacco throughout the land. He does not ask the privilege of manufacturing his product without tax. He does not even ask that he may be allowed to twist it or manipulate it with his hands to put it in merchantable shape. He only asks the poor privilege of sending it forth as he has gathered it and cured it, and in that form seek a purchaser where he can find him. He only asks what is freely granted to every other tiller of the soil in this country—that what he raises may be sold in its natural state, without restriction and without tax.

How will the repeal of this law afford relief? It will open up and create a demand for leaf tobacco in the South and elsewhere, and give the farmer another market for his product, and thus insure to him competition in the purchase and sale of his crop. The farmers in the dark-tobacco district believe that if there is granted freedom of exchange and trade in leaf tobacco, they can find a market for their products in the lumber camps, the coal mines, and on the cotton plantations of the South for at least a portion of their crop. There is a demand for it among the laborers in those industries now, but under the law the tobacco producer is precluded from taking advantage of it. By the possession of the privilege granted in this amendment, they will be able to force the tobacco trust, which, under existing conditions, has a virtual monopoly of their crop, to pay a price commensurate with the labor and cost of production.

Under the conditions which I have described, competition in the purchase of this tobacco was so completely destroyed that only a few years ago the price of raw tobacco was forced below the actual cost of production. The price in the tobacco market of Tennessee went down as low as 3 or 4 cents per pound, when the cost of production is proven to be upon the average about 6 cents per pound.

These conditions became so intolerable to the tobacco growers of Tennessee and Kentucky, and brought their industry to such a hopeless state, that they organized themselves into an association, known as the "Planters' Protective Association of Kentucky, Tennessee, and Virginia," for the purpose of bringing about a mutual agreement among the tobacco growers to hold their crops and refuse to sell until they could thus force the trust, practically their only purchaser, to pay them a just and fair price for their product. This association had and has now as its officers and at its head men of the highest standing and integrity of character. They were law-abiding men, and the association had no unlawful purpose in its organization. It sought only cooperation among the growers to hold their crops until they could realize a just and living price for them. In its membership is embraced perhaps 90 per cent of the tobacco growers of the entire dark-tobacco district. Through the influence of this association a large per cent of the tobacco growers of that district held their crops for three years, until they finally forced the trust to pay them a reasonable price for their tobacco.

But, Mr. President, this organization is expensive to maintain. Its success is always problematical, for its members

are widely scattered, and many of them poor and needy, and during its existence acts of lawlessness have been committed, which no man who believes in a government by law can justify or condone. But even though its success should be assured, is it just and fair to force these farmers to organize as for a commercial war to protect themselves against the aggressions of a trust, whose capital and power make it a hard and unequal struggle? Every citizen, however humble, is entitled to the protection which just and equal laws give him, and it is no credit to a free government to so write its statutes that its citizens are forced to join together to secure that protection from monopoly which the law itself should afford. Under such conditions as these, it does seem to me that this great Government can no longer afford by these unfair laws to hamper and restrict these producers in the free and untrammelled disposition of their product.

Now, what are the objections to this amendment? They are two. One is administrative; the other that it will affect the revenues. The first is that freedom of trade in leaf tobacco will make it more difficult to keep track of, and hence to collect the tax on manufactured tobacco. Mr. President, there was no tax and no restriction on the sale of leaf tobacco under the act of 1890, and yet no difficulty was experienced in collecting the tax on manufactured tobacco. And no such complaint was ever registered against that law, so far as I have been able to ascertain, by the department charged with the responsibility of enforcing it. Former Commissioner Yerkes, in a letter to me upon this question, used this language:

Answering your questions more specifically, I would say that, in my judgment, the loss in revenue to the Government if this or a similar bill should become a law would be comparatively small, and no serious annoyance or embarrassment would be occasioned in the execution of the law and in the proper administration of departmental affairs so far as the Internal Revenue Bureau is concerned.

But to my mind, Mr. President, there is a complete and conclusive answer to this objection. It must be borne in mind that the tax on manufactured tobacco is on the finished product. The manufacturer, under the law, pays the tax on what he sells, not on what he buys. He can not sell one pound of tobacco without placing on the box or package a government stamp showing the weight and character of the contents. No retailer can buy or sell that package without the stamp upon it. It is of no consequence to the Government how or where the manufacturer gets his raw tobacco. Its only concern is to know that every pound which goes out from the manufacturer bears a stamp showing that it has paid the tax of 6 cents a pound. This, it seems to me, is a complete check upon the manufacturer, and under this amendment no possible fraud could be practiced on the Government with respect to the tax on manufactured tobacco.

But this amendment further guards the revenues of the Government by providing that the producer of leaf tobacco and any subsequent vender thereof shall keep and furnish on demand a record of all sales over 10 pounds.

Now, as to the second objection, will it materially affect the revenues of the Government? There is now, practically, no revenue derived from the sale of leaf tobacco. Mr. Yerkes, former Commissioner of Internal Revenue, in the hearings before the House committee, in answer to a question as to how much revenue was received from the tax on leaf tobacco, said: "I will say about nothing."

Mr. Yerkes further said: "I do not think that it would materially injure the revenue of the Government," referring to the bill then pending before the House, to remove the tax of 6 cents on leaf tobacco. Practically the only loss to the revenues of the Government, Mr. President, should this amendment be adopted, would be the tax on that amount of manufactured tobacco, which the leaf thus sold would displace. How much of this leaf tobacco would go into the market and be sold and used by the consumers and thus displace pro tanto that amount of manufactured tobacco, no one can tell, but my judgment is, Mr. President, that it would be a comparatively small amount, for the reason that I do not believe that the farmers and producers of tobacco would in fact go to the trouble and expense of preparing their tobacco for market and trying to build up a trade in leaf tobacco, difficult and expensive to handle in that shape, provided they could sell their tobacco in a lump, at a fair and reasonable price, to the manufacturer.

And I feel assured that the fact that the producer and dealer had the privilege of selling his tobacco in the leaf in small quantities to the consumer would force the tobacco trust to pay a fair price for his raw product. The value to the farmer would consist in the possession of this privilege rather than in

its exercise. The manufacturer of tobacco would be vitally interested in preventing the farmer and small dealer from building up a trade in leaf tobacco which would, to the extent of its use, become a competitor to his manufactured product, and to prevent this he would be willing to pay the producer a fair and reasonable price for his product. For these reasons I am convinced that the loss of revenue to the Government would in fact be inconsequential.

But even if the loss of revenue should be considerable, Mr. President, the facts and circumstances which surround this industry and the unfortunate conditions which prevail in this dark-tobacco district make it imperative upon us to grant some relief from the exactions of this grinding monopoly. A just government owes this much to the tiller of the soil, even though by giving justice it may lose revenue. Mr. President, there is no man in all the domain of agriculture who expends more time, labor, and watchful care in the planting, cultivation, harvesting, and curing his crop and preparing it for market than the tobacco grower. It is said that it requires thirteen months' work to raise and mature a tobacco crop. The planter must first burn the soil and make his beds, sow his seed, transplant his plants, cultivate his crop, and with watchful care guard it against the ravages of the tobacco worm; and when it is matured he must harvest it with the greatest care, house it in barns especially built for that purpose, cure it, and, finally, strip it and bind it in the hands before it is ready for the market.

All of this involves much labor and great pains and skill, and surely we can afford, even at a slight loss of revenue, to grant these hard-working people that small measure of relief which they ask and which they hope and believe will tend to restore a prosperity which once abounded in their land. To deny the prayer of these toiling thousands is to leave them bound and exposed to the onerous exactions which the tobacco trust has placed upon them. Let Senators who are willing that this monopoly shall continue to dominate this industry and to force the plain, hard-working farmers to sell the product of their toil to it below the cost of production vote against this amendment. The issue is made. It is for you to determine it, but you can not escape it.

Mr. President, three times has a bill embodying the substance of this amendment passed the other House, and three times it has died in the Committee on Finance in the Senate, and now for the fourth time it has passed the House in this bill. Its passage will not injure one American industry, but it will give life and hope to an old and important American industry. It will not take from any tobacco manufacturer one farthing to which he is justly entitled. It will not materially affect the revenues of the Government, but it will tend to bring peace and order to that portion of Tennessee and Kentucky which has been the scene of disorder and bloodshed, and I believe it will have a potential influence in restoring prosperity and bringing happiness to the tens of thousands who toil in the heat and burden of the day.

The VICE-PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Kentucky [Mr. BRADLEY].

Mr. DANIEL. I have before me two amendments offered by the Senator from Kentucky. One is dated April 19 of this year, and the other is dated May 15.

Mr. BRADLEY. The amendment I have just offered is dated May 15.

Mr. DANIEL. It is in print?

Mr. BRADLEY. It is; but I have made some modifications.

Mr. DANIEL. I shall not enter into an argument upon this subject, because I recognize the situation; it explains itself. But I do not think it is right to charge the vendee of tobacco, because he sells to a manufacturer, with being himself a manufacturer. That applies, I understand, to the plain, unmanufactured matter of a hand of tobacco, which are the leaves taken from the top.

Mr. BRADLEY. Will the Senator from Virginia permit me to make an explanation?

Mr. DANIEL. I would be glad to hear it.

Mr. BRADLEY. The Senator is mistaken. The amendment with the changes merely requires not that the vendee shall become a manufacturer, but the farmer's vendee can sell without paying any tax, just as the farmer can sell; but when he does sell, he must be in condition to make the same report to the revenue officer of the Government the farmer is required to make. There is no tax on anybody who sells this tobacco in hand.

Mr. DANIEL. I am glad to hear that, because I misapprehended the reading of the amendment.

The VICE-PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Kentucky [Mr. BRADLEY].

The amendment was agreed to.

Mr. CURTIS. I offer the amendment which I send to the desk.

The VICE-PRESIDENT. The Secretary will read the amendment.

The SECRETARY. It is proposed to insert the following proviso:

Provided, That if there be imported into the United States crude petroleum produced in any country which imposes a duty on petroleum exported from the United States, there shall in such cases be levied, paid, and collected a duty upon said petroleum so imported one-half of the duty imposed by such country.

Mr. ALDRICH. That should be inserted as a proviso to paragraph 637.

Mr. FLINT. Mr. President—

The VICE-PRESIDENT. Does the Senator from Kansas yield to the Senator from California?

Mr. CURTIS. I do.

Mr. FLINT. On behalf of the Committee on Finance, I accept the amendment offered by the Senator from Kansas.

Mr. CURTIS. Mr. President, I offer this amendment at the request of the independent oil producers of this country. Of 600,000 barrels of crude oil produced a day in the United States, the independent oil producers furnish 89 per cent of that production. This amendment only applies to crude petroleum. In the production of the 89 per cent of the crude oil of the country, the independent oil producers employ over 500,000 people in that great industry. Some ten years ago the independent refineries of the country only produced 5 per cent of the refined oil, while to-day they produce over 20 per cent of the refined oil used in this country; and in the States where there are independent refineries the oil is cheaper than in States where there are none. In Kansas we have 18 independent refineries. They produce 45 per cent of the oil used in our State, and oil is selling cheaper in Kansas than in any other State in the Union.

In behalf of these independent producers, who are afraid of the large production of oil in Mexico, I offer this amendment. It applies only to countries that levy a duty against oil which is exported from this country to their country, and it is only one-half of the duty which is levied by those countries.

Mr. ALDRICH. I suggest to the Senator from Kansas that his amendment has been accepted.

Mr. CURTIS. Mr. President, in this connection I want to have read a newspaper clipping which has just been handed to me, showing the discovery of a new oil well in Mexico and the amount of its production.

The VICE-PRESIDENT. Without objection, the Secretary will read the clipping referred to by the Senator from Kansas. The Secretary read as follows:

GUSHER NEAR TUXPAM—200,000 BARRELS A DAY BELIEVED TO BE FLOWING—STANDARD CONTROLS IT.

MEXICO CITY, June 28, 1909.

One of the biggest oil flows in the history of the industry has just been obtained in a well near Tuxpam, State of Veracruz. The daily output of the well is estimated at 200,000 barrels.

It is located upon a tract of land which is owned by George I. Ham, an American banker of this city. It is situated only a short distance from the big tract of land which was recently purchased by E. H. Harriman.

The oil flow was struck at a depth of 2,800 feet. The pressure is so strong that efforts to cap the well have not yet been successful. Earthen tanks are being constructed in which to store the oil temporarily. It is reported that the Standard Oil Company owns the rights to the land.

The VICE-PRESIDENT. The question is on agreeing to the amendment submitted by the Senator from Kansas [Mr. CURTIS].

Mr. BACON. Mr. President, I do not desire or purpose to detain the Senate by any extended discussion of this matter, but a few days ago, when a similar proposition was before the Senate as that embodied in the substitute offered by the Senator from Massachusetts [Mr. LODGE] to the income-tax amendment, which had been offered by the Senator from Texas [Mr. BAILEY]—I think that was the time—I alluded to the fact that this matter had been under discussion in the House during the last Congress and that a very interesting speech had been made in regard thereto by a Representative from Wisconsin, Mr. KÜSTERMANN. I purpose now simply to have that part of the speech read from the desk, in order that Senators may know—the part I desire to have read is not long, and it will not take more than five or ten minutes—in order that Senators may know the certain result which will follow the adoption of the pending

amendment. Before having the Secretary read the part of the speech which I desire—it is less than two columns—I desire to say that Mr. KÜSTERMANN, after an investigation and calculation upon the figures, shows that the countervailing duty as contained in the Dingley law had within ten years put into the treasury of the Standard Oil Company \$133,900,000. Assuming that the foreign sales in Great Britain would be the same as they were in those ten years, the effect of the countervailing duty, if Mr. KÜSTERMANN's position is correct—of course that is to be judged when what he says is read—the effect of the present amendment will be to put one-half that amount into their treasury, which, of course, is that much taken out of the pockets of the American people.

Mr. KÜSTERMANN shows that the Standard Oil Company during this period sold its product in Great Britain between 2 and 3 cents a gallon less than it was sold for to the people of the United States. I presume it is upon that basis that the result is reached by him as to the amount which the Standard Oil Company receives from the American people in excess of what it would have received had it not been for the countervailing duty.

Mr. SCOTT. Mr. President—

The VICE-PRESIDENT. Does the Senator from Georgia yield to the Senator from West Virginia?

Mr. BACON. I do.

Mr. SCOTT. Mr. President, I do not want to bring on a discussion, but the Senator from Georgia certainly knows that the oil which the Standard Oil Company sells in Great Britain is of a grade not at all in comparison with the grade of oil which is sold in this country. It is just like many other things which are sold in foreign markets; it is of an inferior grade. The Senator from Georgia certainly knows that.

Mr. BACON. Mr. President, I do not suppose there can be any doubt about the fact—

Mr. GORE. Mr. President—

The VICE-PRESIDENT. Does the Senator from Georgia yield to the Senator from Oklahoma?

Mr. BACON. I do.

Mr. GORE. Mr. President, I should like to say that the grade of oil sold in England and in other foreign countries by the Standard Oil Company is known as "Standard white oil," while the grade sold in the United States is known as "water white oil." The difference between the values of the two oils is 1 cent a gallon.

Mr. SCOTT. The Senator from Georgia also knows that we have state laws which compel the Standard Oil Company to make their oil of a certain test. It must stand a certain test in this country.

Mr. BACON. Mr. President, what I was about to say when I yielded to the Senator from Oklahoma [Mr. GORE] was, without going into the details of the discussion, that the purpose of this amendment certainly is to enable the oil company, whichever company that might be, or companies, to collect more out of the people of the United States for that oil than they otherwise would collect. There is no question about that, I suppose. I will have the discussion of this matter by Mr. KÜSTERMANN read from the desk, in order that Senators may judge whether or not his contention is correct. I ask that the parts of his speech which I have marked on pages 1425 and 1426 of the CONGRESSIONAL RECORD may be read.

The VICE-PRESIDENT. Without objection, the Secretary will read as requested.

Mr. ALDRICH. Mr. President, I do not know what the statement is, but I presume the Senator from Georgia has stated the substance of it.

Mr. BACON. I did not hear what the Senator from Rhode Island said, because he said it while I was myself speaking.

Mr. ALDRICH. I said that I supposed the Senator from Georgia had stated the substance of the remarks he has referred to.

Mr. BACON. I have not.

Mr. ALDRICH. I dislike at this stage of the session to have time taken up by reading remarks that are already in the RECORD, unless the Senator from Georgia insists upon it.

Mr. BACON. I am desiring them read, not that they may go into the RECORD, but that Senators who are to vote on this question may have the argument and the information. That is the only purpose I have. I now ask that the matter be read. If the Senator objects to that, of course I shall have to read it myself. I desire to have the parts of the speech read which I have marked on pages 1425 and 1426, omitting the tables, but asking that they may be inserted in the RECORD.

The VICE-PRESIDENT. Without objection, the Secretary will read as requested.

The Secretary read as follows:

In paragraph 626, under section 2, a number of articles are enumerated on which there is no import duty, among them petroleum, crude and refined, but the one who reads the paragraph to the end will find that the thirty or forty other kinds of oils mentioned in the paragraph are actually on the free list, while petroleum is in reality removed from the free list by an innocent little proviso or joker at the end of the paragraph, which reads as follows:

"Provided, That if there be imported into the United States crude petroleum, or the products of crude petroleum, produced in any country which imposes a duty on petroleum or its products exported from the United States, there shall in such cases be levied, paid, and collected a duty upon said crude petroleum or its products so imported equal to the duty imposed by such country."

That is the same paragraph, gentlemen on the Democratic side, that you had in your tariff [laughter on the Republican side] in 1894, and our people overlooked it.

The effect of this cunning little proviso is that the petroleum of the Standard Oil Company has greater protection than almost any other article appearing on the Dingley tariff.

The only competitor of any account in the petroleum business is Russia, which country has such vast resources that not alone is it able to supply all demands at home, but it has a great surplus to ship outside.

With the high prices of oil in the United States, the Russian producers of petroleum would be pleased to sell us part of their product, and sell it at a less price than it is sold for by the great monopoly in this country, but there stands that little joker in our tariff laws, charging the same duty as is charged the American oil in Russia—in some cases 100 and even 200 per cent.

I presume Russia is charging such a high import duty because it knows that if it were not for this, the Standard Oil Company would first ruin all the Russian oil industries by offering oil at cost if necessary, and afterwards charging extravagant prices to the Russian consumer.

One would think that under such a high wall erected against Russian oil not one drop would be sent into the United States, but some of it must have found its way into this country, because, from reports procured from the Treasury Department, I find that \$35,963.65 have been collected at American ports on Russian oils within the last six years. The rates charged were 5.4 cents per gallon on crude and 2.34 cents on refined oils.

There was sent to this country from foreign ports during the last six years 38,413,312 gallons, much of which must have come from countries that have no import duty on American oil, such as Austria-Hungary, Roumania, Dutch East Indies, and British India.

The Russian tariff bearing on oil and its products imported into Russia is as follows:

	Rubles per pound.
Petroleum, crude	0.30
Liquid products distilled from petroleum (kerosene), photogen; solar oil; paraffin oil and lubricating oil; naphtha-ether, gasoline, ligroin, benzine, etc.	1.80
(One ruble equals \$0.515 and 1 pound equals 36.1 pounds.)	

So great is the output of crude oil in Russia that in 1900, when there were no political disturbances, the production exceeded that of the United States by over 12,000,000 barrels. The remarkable feature of this is that the leading Russian oil wells are all within a radius of about 6 square miles at Baku, on the Caspian Sea.

The following table shows approximately the crude-oil production of the world at five-year intervals from 1885 to 1905, distinguishing the leading countries. The figures for the minor fields in the earlier years are imperfect, but the total production of these fields at that time was very small:

World's production of crude oil on the first of every fifth year from 1895-1905.

[Barrels of 42 gallons.]

Year.	United States.	Russia.	Austria-Hungary.	Roumania.
During 1885.....	21,559,000	13,498,000	—	193,000
During 1890.....	45,824,000	27,661,000	659,000	383,000
During 1895.....	52,892,000	46,140,000	1,453,000	575,000
During 1900.....	63,621,000	75,779,000	2,347,000	1,629,000
During 1905.....	134,718,000	54,990,000	5,765,000	4,421,000

Year.	Dutch East Indies.	British India.	All other countries.	Total.
During 1885.....	—	—	350,000	35,900,000
During 1890.....	—	118,000	200,000	74,845,000
During 1895.....	960,000	372,000	288,000	102,680,000
During 1900.....	1,968,000	1,078,000	1,693,000	148,115,000
During 1905.....	7,768,000	4,137,000	2,629,000	214,398,000

Now, let us see whether our great monopoly needs protection.

In 1903, when the average price of American oil in the United States was 10.9 cents per gallon, the New York export price was 5.9 cents per gallon, and the American oil was sold in London for 3½ cents per gallon, or 2.4 cents per gallon less than the United States oil monopoly was furnishing it for in Chicago, Philadelphia, or any other American city. In other words, our oil monopoly was selling its product cheaper to foreigners than to American citizens, even after adding the expense of transportation across the ocean.

In 1905 the price of oil in America came down to 9½ cents per gallon and the price in London to 5.8 cents per gallon.

Thus American oil was sold in London 3.4 cents per gallon less than in American cities.

In the following table the margin between the price in the United States and the several prices in the foreign trade is presented merely for convenience in comparing relative movements.

Comparative movements of domestic and foreign prices of American illuminating oil, 1897-1905.
[Cents per gallon.]

Period.	Average price in United States.	Prices in export trade.			Excess of United States price over—		
		New York export.	Ham-burg.	Lon-don.	New York export.	Ham-burg.	Lon-don.
1897.....	7.5	3.0	6.9	—	4.5	0.6	—
1898.....	7.5	3.8	8.5	—	3.7	-1.0	—
1899.....	8.3	5.4	10.2	—	2.9	-1.9	—
1900.....	9.2	5.9	10.5	8.5	3.3	-1.3	-0.2
1901.....	8.7	5.0	9.8	9.1	3.7	-1.1	— .4
1902.....	9.0	4.8	9.6	8.7	4.2	- .6	.3
1903.....	10.9	5.9	10.7	8.5	5.0	.2	2.4
1904.....	10.8	5.4	9.8	7.9	5.4	1.0	2.9
1905.....	9.2	4.3	9.1	5.8	4.9	.1	3.4
1897-1899.....	7.8	4.4	9.0	—	3.4	-1.2	—
1900-1902.....	9.0	5.2	10.0	8.9	3.8	-1.0	— .1
1903-1905.....	10.3	5.2	9.9	7.7	5.1	.4	2.8

From the foregoing statement which I have submitted it is to be seen that Great Britain and other foreign countries, on account of Russian competition, were supplied by the Standard Oil Company, in spite of expense of ocean transportation and other costs, at a lower price than American cities.

The following table shows by six-month periods, from 1903 to the middle of 1905, the average prices, less transport costs and duties, of water-white oil in the United States and standard-white oil in Germany, the United Kingdom, and Denmark, together with the excess of the United States price over the foreign prices, after allowing 1 cent for difference in the quality of the oil:

Comparison of domestic and foreign prices of illuminating oil, less transport costs and duties, 1903-1905.
[Cents per gallon.]

Period.	Prices of illuminating oil.				Excess of United States price (allowing 1 cent for difference in quality) over—		
	United States.	Ger-many.	United King-dom.	Den-mark.	Ger-many.	United King-dom.	Den-mark.
1903-January to June.	11.0	—	7.87	—	—	2.13	—
July to December.	11.0	8.29	8.36	9.33	1.71	1.64	1.37
1904-January to June.	11.4	8.30	9.39	8.24	2.10	1.01	2.16
July to December.	10.3	6.92	6.42	6.49	2.38	2.88	2.81
1905-January to June.	9.2	6.21	5.03	6.08	1.99	3.17	2.12

These figures show a very remarkable excess in the American price above the foreign prices, particularly during the latter half of 1904 and the first half of 1905. During the latter half of 1904 the price averaged for the United States 10.3 cents, as contrasted with 6.92 cents in Germany, 6.42 cents in the United Kingdom, and 6.49 cents in Denmark. The excess of the domestic price, after allowing 1 cent for difference in quality, ranged at that time from 2.38 cents to 2.88 cents. During the first half of 1905 the extraordinary decline in the prices in the United Kingdom increased the effective margin between the domestic price and the price in that country to 3.17 cents.

This the company was enabled to do on account of that little joker in our tariff laws, virtually keeping out all foreign products and leaving our home people at the mercy of the greatest monopoly in the world.

That clever little joker in the Dingley tariff law has brought to the coffers of the great oil monopoly millions and millions of dollars.

From tables in my possession I am enabled to tell you quite accurately how much this little proviso, which in some clever manner crept into the tariff law, has been worth to the Standard Oil Company.

The entire production of mineral oil in the United States during the ten years the tariff has been in existence was 318,914,000 barrels of 42 gallons each.

Now, it is not denied that one-half or even more than one-half of this great production was consumed in the United States; but to be conservative let us call it one-half, or 159,457,000 barrels, containing 42 gallons each, in all 6,697,194,000 gallons.

By keeping out Russian competition the trust was enabled to charge home consumers about 2 cents more per gallon than it could have done if petroleum had really been on the free list.

Thus the profit to the Standard Oil Company on account of this proviso has been \$133,943,880 within the last ten years, which is equivalent to a tax of about \$1.50 levied on every inhabitant of the United States.

Mr. BURTON. Mr. President, the argument just read and the statement made by the Senator from Georgia, both alike overlook a fundamental fact, which is that the Standard Oil Company is not a producer of crude oil, but rather a refiner and a manufacturer of the secondary products of petroleum. Of course it owns a certain number of wells which it utilizes for the sake of obtaining crude oil for refining.

I think I am entirely familiar with the movement behind this amendment. It proceeds from the independent oil refiners, many of whom I have known for years, and who, I know, have been engaged in a constant contest with the Standard Oil Company, a constant contest for life.

I have consistently opposed during this Congress the imposition of duties on raw materials not now subject to duties or the increase of those already existing, but in this case an exceptional condition exists. The hope for cheap refined oil in the United States rests with the independents. They have greatly increased in number and output of late. If they can obtain a firm foothold, the price will be moderated or diminished. The Bureau of Commerce and Labor published a year or two ago a map, or diagram, which showed surprising conditions relating to the cost of refined oil. It was the object of the map to eliminate freight rates and give the price of refined oil irrespective of any charge for carriage.

It appeared from that map that in the States of Ohio and Pennsylvania the price of refined oil was 2, 3, or 4 cents less than in many other States. The difference was much larger in some States. I believe the State of Kansas showed a somewhat lower price. What was the reason for that? Because there are independent refineries in those States.

They are placed at a very great disadvantage. They are in competition with the most powerful business organization to be found in the history of commerce. The Standard Oil Company has tank ships on the sea and pipe lines on the land. It is able to obtain a supply of crude oil wherever it can be obtained cheapest and bring it to its refineries and sell its refined oil under circumstances affording it the greatest profit.

The independent refineries in Ohio and Pennsylvania are supplied with their crude oil very largely by wells that formerly furnished a very considerable flow, but that are now almost exhausted. In some fields the pumping apparatus works on one well one day and on another another day, the average flow being not more than half a barrel a day. Those oil producers in these States will be placed at a very great disadvantage if petroleum comes in free, and the independent refiners will be deprived of their most available source of supply. Indeed, when the oil amendment failed here a week or more ago it had an immediate effect in diminishing the price of oil.

I am frank to say that the figures of difference in the price of refined oil in London and the United States are somewhat startling to me. I do not quite know the explanation, but I question very much whether crude petroleum would be brought from the Russian fields to the United States in any event. The richest fields in Russia are around the Caspian Sea. It would first be necessary to bring the crude oil, which is a bulky product, to the Black Sea, and then transport it by ships to the United States and transfer it to the refineries. It is clear that if any of this oil is brought here the Standard Oil Company would bring it because of their superior facilities for transportation.

The object of this amendment is to impose a duty upon oil coming in from the productive fields of the Republic of Mexico, where already the Standard Oil Company has a foothold; where already, I am informed, there are three refineries owned by the Standard Oil Company or affiliated companies, and where the crude oil could readily be brought by pipe lines into the United States and utilized in the Standard refineries.

For these reasons it seems to me that this duty should be imposed. I want to add that as a general principle I do not believe in a countervailing duty. It puts a weapon into the hands of the country against whose products you are seeking to establish protection. If there is a superabundant supply in Mexico, they can take off their duty and ship their oil into the United States free of duty; but in any event I trust the Senate will not reject this very modest proposition, which will have some effect in encouraging the production of crude oil by those who are pumping it in divers States and will have an even greater effect in aiding the independent refiners.

Mr. GORE. I desire to offer an amendment to the pending amendment, if it is in order at this time.

The VICE-PRESIDENT. It is in order.

Mr. GORE. I move to add at the close of the pending amendment the words:

Provided further, That importers of crude petroleum shall not be entitled to the drawback provisions of this act.

The VICE-PRESIDENT. The amendment will be stated.

The SECRETARY. It is proposed to add at the end of the amendment the following:

Provided further, That importers of crude petroleum shall not be entitled to the drawback provisions of this act.

Mr. CURTIS. As the proposer of the amendment, I accept the amendment of the Senator from Oklahoma.

Mr. FLINT. On behalf of the committee, I accept it.

The VICE-PRESIDENT. The Senator from Kansas accepts the amendment, and it therefore becomes a part of his amendment.

Mr. BACON. Mr. President, just a word. It must be patent to everyone that the effect of adopting this countervailing duty is the same as putting a duty upon the importation of oil. There is but one country from which we can expect any importation of oil, and that is Russia—

Several SENATORS. Oh, no!

Mr. BACON. I had not yet finished my sentence. I was going on to say, unless the future possibilities of Mexico are to be taken into consideration. I do not understand that the character of oil now produced in Mexico makes that a present possibility. So excluding that from consideration for the present, I repeat that the only country from which the importation of oil can be anticipated is Russia, and Russia has now a high duty upon the importation of oil. Consequently the adoption of this countervailing provision would be the same as leaving a duty upon Russian oil.

As is known, this provision is in the existing law except that the proposed amendment puts the rate at one-half what it is under the existing law. The bill has come from the House not only without any duty imposed upon oil, but with the countervailing provision of the existing law purposely left out of the proposed law.

I presume I do not transgress the general rules in stating the fact, which we all know, that in the House of Representatives, which is largely Republican, the question whether or not this bill should contain a provision imposing a duty upon oil was fought out and settled in the negative. The House decided that it should not contain any duty upon the importation of oil.

And, not content with that, the House, doubtless for the reasons I have stated—which have been drawn largely from the part of the speech which has been read in the hearing of the Senate, made by a Republican Representative from the State of Wisconsin—not only refused to put a duty upon oil, but struck out the countervailing provision, which, under certain circumstances, would have had the same effect as the imposition of this duty upon oil.

Not only so, Mr. President, but before the Senate an amendment was offered in which the issue was squarely raised whether or not in this bill a duty should be imposed upon the importation of oil, and the Senate decided that it would not impose such a duty.

The adoption of this amendment will have exactly the same effect and serve the same purpose. I have no idea that there will be any importation of Russian oil, whether the countervailing-duty provision is in the bill or not. But in the absence of the countervailing provision, and in the absence of any duty upon the importation of oil, of course the knowledge of the fact that there is the opportunity for the importation of Russian oil will operate upon the oil companies of this country—the Standard Oil Company being the one which fixes the price and makes the sales—to reduce the price to the American consumer.

That is the entire issue, Mr. President, and I have no more to say on the subject.

The VICE-PRESIDENT. The question is upon agreeing to the amendment.

Mr. CULBERSON. On that I ask for the yeas and nays.

Mr. STONE. I should like to know what the amendment is. Will the Chair state what it is?

The VICE-PRESIDENT. The Chair will have the Secretary again report the amendment, if the Senator desires.

The SECRETARY. Add at the end of paragraph 637, on page 232, the following:

Provided, That if there be imported into the United States crude petroleum produced in any country which imposes a duty on petroleum exported from the United States, there shall in such cases be levied, paid, and collected a duty upon said petroleum so imported one-half of the duty imposed by such country: Provided further, That importers of crude petroleum shall not be entitled to the drawback provisions of this act.

The VICE-PRESIDENT. Upon the question of agreeing to the amendment, the Senator from Texas asks for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. DILLINGHAM (when his name was called). I have a general pair with the senior Senator from South Carolina [Mr. TILLMAN], who is absent. If he were present, I should vote "yea."

Mr. GUGGENHEIM (when his name was called). I again announce my general pair with the senior Senator from Kentucky [Mr. PAYNTER].

Mr. LODGE (when his name was called). I again announce my pair with the Senator from Georgia [Mr. CLAY]. If he were present, I should vote "yea" and he would vote "nay."

The roll call having been concluded, the result was announced—yeas 44, nays 31, as follows:

YEAS—44.

Aldrich	Clark, Wyo.	Hale	Penrose
Borah	Crane	Heyburn	Perkins
Bourne	Curtis	Johnson, N. Dak.	Piles
Bradley	Depew	Jones	Root
Brandegee	Dick	Kean	Scott
Briggs	Dixon	Lorimer	Smoot
Bulkeley	du Pont	McEnery	Stephenson
Burnham	Elkins	Nixon	Sutherland
Burrows	Flint	Oliver	Warner
Burton	Frye	Owen	Warren
Carter	Gallinger	Page	Wetmore

NAYS—31.

Bacon	Culberson	Hughes	Rayner
Bailey	Cummins	Johnston, Ala.	Shively
Bristow	Daniel	La Follette	Simmons
Brown	Dolliver	McLaurin	Smith, Mich.
Burkett	Fletcher	Martin	Smith, S. C.
Chamberlain	Frazier	Nelson	Stone
Clapp	Gamble	Newlands	Talliaferro
Crawford	Gore	Overman	

NOT VOTING—17.

Bankhead	Davis	McCumber	Taylor
Beveridge	Dillingham	Money	Tillman
Clarke, Ark.	Foster	Paynter	
Clay	Guggenheim	Richardson	
Cullom	Lodge	Smith, Md.	

So the amendment of Mr. CURTIS was agreed to.

Mr. ALDRICH. On behalf of the committee, I ask to modify paragraph 120 in accordance with the amendment which I send to the desk.

The VICE-PRESIDENT. The Senator from Rhode Island offers an amendment, which the Secretary will report.

The Secretary read as follows:

In paragraph 120, on page 36, after the word "at," in line 16, strike out all down to and including "ad valorem," in line 21, and insert in lieu thereof the following:

"Eight-tenths of 1 cent per pound or less, three-tenths of 1 cent per pound; valued above eight-tenths of 1 cent and not above 1 cent per pound, four-tenths of 1 cent per pound; valued above 1 cent and not above 2 cents per pound, five-tenths of 1 cent per pound; valued above 2 cents and not above 3 cents per pound, six-tenths of 1 cent per pound; valued at over 3 cents per pound, 20 per cent ad valorem."

Mr. ALDRICH. This is a readjustment of the rates under the new classification—a reduction of two rates and an increase of one.

The VICE-PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The paragraph as amended was concurred in.

Mr. STONE. I desire to offer an amendment.

The VICE-PRESIDENT. The Senator from Missouri offers an amendment, which the Secretary will report.

Mr. STONE. This is an amendment which I very much hope the chairman of the Finance Committee will accept.

The SECRETARY. On page 221, in paragraph 528, line 4, after the word "binitrotoluol," insert "paranitrochlorbenzol."

The VICE-PRESIDENT. The question is on agreeing to the amendment.

The amendment was rejected.

Mr. STONE. I offer the amendment I send to the desk.

The VICE-PRESIDENT. The Senator from Missouri offers another amendment, which the Secretary will report.

The SECRETARY. Insert in the free list a new paragraph, to be numbered 581, as follows:

Hides of cattle, raw or uncured, whether dry, salted, or pickled; band, bend, or belting leather, rough leather, sole leather, and all other leather made from the hides or skins of cattle, without regard to size or weight; boots and shoes made of leather or of which leather is the component material of chief value.

Mr. ALDRICH. I suggest that the Senator make this paragraph 581½. That will obviate all necessity of reconsideration.

Mr. STONE. Very well; I will make it 581½.

Mr. President, I do not desire to take up the time, the very valuable time, of the Senate, when everyone is impatient to reach the end, and no one more so than I.

When this same question was before the Committee of the Whole I offered substantially this amendment, but it was disagreed to by the Senate on a yeas-and-nays vote. But at that time, standing back of the amendment I offered, was pending the proposition of the House bill to put hides alone on the free list, leaving leather and boots and shoes on the dutiable list.

The situation now is quite a good deal changed. In the Committee of the Whole it was determined that hides standing alone should not go upon the free list, but those who voted against my amendment to put hides and leather and boots and shoes on the free list no doubt were waiting for the subsequent proposition to put hides alone on the free list, hoping to get

hides on the free list, with leather and its products on the dutiable list.

Senators who represented constituents interested in the manufactures of leather, such as boots and shoes, no doubt hoped that the Senate might put hides on the free list and still leave leather and the manufactures thereof on the dutiable list, and hence voted against the proposition I submitted to put all of them on the free list. But since the vote taken in the Committee of the Whole was against putting hides as a separate proposition on the free list, I now again present the same proposition to the Senate.

Mr. President, I believed when this question was before the Committee of the Whole that it was impossible to put hides alone upon the free list, keeping leather and the manufactures of leather on the dutiable list. My judgment as to that was justified by the result. I thought then, as I do now, that the only hope of putting hides on the free list was to put leather and boots and shoes on the free list; and, Mr. President, there is no reason in the world why that should not be done. The Senator from Vermont [Mr. PAGE], in the very instructive and interesting address he made here the other day, expressed himself, speaking in a special sense for the makers of leather, as being willing to put leather upon the free list if the tanners could have hides on the free list; and the shoe manufacturers of the United States have declared in hearings before the Ways and Means Committee, and in other ways, that if they can have free hides and free leather they can go into the open field and dominate the markets of the world.

I think the men who under such circumstances ask for favors should be willing to give in return. If the men who want free hides, out of which leather is to be made, and having free hides, declare they can go into the markets of the world and control them, not only as to leather, but as to all the manufactures of leather, are in earnest, then prove it by joining forces here and now to put not only hides, but leather and boots and shoes, all of them, on the free list.

Mr. President, there are a good many things I might say, and would like to say, about this matter, but, as I said in the beginning, I have no desire to occupy the time of the Senate when all are so anxious to conclude this business to-day. I say this much and submit the proposition.

Mr. ALDRICH. I move to lay the amendment on the table.

Mr. STONE. Before that motion is made—

The VICE-PRESIDENT. Does the Senator from Rhode Island withdraw his motion?

Mr. STONE. I wish to say to the Senator from Rhode Island—

The VICE-PRESIDENT. Just a moment.

Mr. STONE. I know the motion is not debatable.

The VICE-PRESIDENT. It is not debatable.

Mr. STONE. I know as well as does the Chair that it is not debatable.

The VICE-PRESIDENT. The Chair asked the Senator from Rhode Island if he withdrew his motion.

Mr. STONE. I can make a suggestion. That is a very common thing here in the Senate.

The VICE-PRESIDENT. Oh, certainly. The Chair misunderstood the Senator. The Chair thought the Senator wanted to continue the debate.

Mr. STONE. The same end can be accomplished by a yeas-and-nays vote on my motion as on the motion to lay the amendment on the table. However, let it be understood that those who vote for the motion to lay on the table vote against the main proposition.

The VICE-PRESIDENT. The question is on agreeing to the motion of the Senator from Rhode Island to lay on the table the amendment submitted by the Senator from Missouri.

Mr. STONE. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. DILLINGHAM (when his name was called). In the absence of the senior Senator from South Carolina [Mr. TILLMAN], with whom I am paired, I withhold my vote.

Mr. GUGGENHEIM (when his name was called). I again announce my pair with the senior Senator from Kentucky [Mr. PAYNTER].

Mr. LODGE (when his name was called). I again announce my pair with the Senator from Georgia [Mr. CLAY]. If he were present, I should vote "yea" and he would vote "nay."

Mr. McCUMBER (when his name was called). Recognizing my pair with the junior Senator from Louisiana [Mr. FOSTER], who, I observe, is absent, I withhold my vote.

Mr. ROOT (when his name was called). I am paired with the Senator from Maryland [Mr. RAYNER]. If the Senator from

Maryland were present, he would vote "nay" and I should vote "yea."

The roll call was concluded.

Mr. CULBERSON. The Senator from Arkansas [Mr. DAVIS] is paired with the Senator from Illinois [Mr. CULLOM]. If the Senator from Arkansas were present he would vote "nay."

Mr. BACON. I desire to state that if my colleague [Mr. CLAY] were present, he would vote "nay."

The result was announced—yeas 45, nays 28, as follows:

YEAS—45.

Aldrich	Carter	Hale	Piles
Borah	Clark, Wyo.	Heyburn	Scott
Bourne	Crane	Johnson, N. Dak.	Smith, Mich.
Bradley	Depew	Jones	Smoot
Brandeggee	Dick	Kean	Stephenson
Briggs	Dixon	Lorimer	Sutherland
Brown	du Pont	McEnery	Warner
Bulkeley	Elkins	Nelson	Warren
Burkett	Flint	Nixon	Wetmore
Burnham	Frye	Oliver	
Burrows	Gallinger	Penrose	
Burton	Gamble	Perkins	

NAYS—28.

Bacon	Cummins	Johnston, Ala.	Page
Bailey	Daniel	La Follette	Shively
Bristow	Dolliver	McLaurin	Simmons
Chamberlain	Fletcher	Martin	Smith, S. C.
Clapp	Foster	Newlands	Stone
Crawford	Frazier	Overman	Taliaferro
Culbertson	Gore	Owen	Taylor

NOT VOTING—19.

Bankhead	Curtis	Lodge	Richardson
Beveridge	Davis	McCumber	Root
Clarke, Ark.	Dillingham	Money	Smith, Md.
Clay	Guggenheim	Paynter	Tillman
Cullom	Hughes	Rayner	

So Mr. STONE's amendment was laid on the table.

Mr. CLAPP. I ask to have printed in the RECORD a letter from boot and shoe dealers, which should have been printed before action on the amendment offered by the Senator from Missouri [Mr. STONE]. Those who sign the letter desire the duty taken off boots and shoes, and I submit it as an evidence of their good faith.

The VICE-PRESIDENT. Without objection, the letter will be printed in the RECORD.

The letter referred to is as follows:

FOOT, SCHULZE & Co.,
St. Paul, Minn., June 25, 1909.

Hon. MOSES E. CLAPP,
United States Senate, Washington, D. C.

DEAR SIR: The signers of this letter to you comprise all of the shoe manufacturers of the Twin Cities, and as such we wish to assure you that there is nothing so vital to us at the present time as the question of free hides. We believe that it is absolutely essential to the life of our business that hides should be admitted free into this country. We candidly do not see any future for us unless this can be done, and we feel so strongly about it that we, representing, as we have said, all the shoe manufacturers of the Twin Cities, are willing, and more than willing, if we can only procure free hides, to give up all the advantages which we might be able to obtain by a tariff upon the finished product; hence please understand us as being perfectly willing to have brought into this country free all the shoes which anyone may desire, provided that we may have the same privilege with hides.

Trusting that we may "win out" upon this vital proposition, we remain,

Very truly, yours,

FOOT, SCHULZE & Co.,
By T. A. SCHULZE, President.
NORTH STAR SHOE COMPANY,
By W. W. HEFFELFINGER, President.
SHAFT-PIERCE SHOE COMPANY,
By J. M. RICHARDSON, Secretary.
C. GOTZIAN & Co.,
By H. J. HAM.
O'DONNELL SHOE COMPANY,
By WM. O'DONNELL, President.
SHAROOD SHOE CORPORATION,
By C. K. SHAROOD, President.

Mr. NEWLANDS. Mr. President, I offer an amendment to come in as an additional section.

The VICE-PRESIDENT. The Secretary will read the amendment proposed by the Senator from Nevada.

The SECRETARY. It is proposed to add at the end of the bill a new section, as follows:

Sec. — That the duties fixed in this act shall, on the first day of each year, commencing January 1, 1910, be reduced at the rate of 5 per cent thereof per annum: *Provided, however,* That such reduction shall not apply to any commodity the duty on which does not exceed the difference between the cost of producing such commodity in the United States and competing countries, such difference to be ascertained and declared by the President: *Provided,* That the total reduction shall not exceed 25 per cent of any of such duties until further directed by law: *And provided further,* That this provision shall not apply to schedules F and H, relating to tobacco and spirits.

Mr. NEWLANDS. Mr. President, I presume the Senator from Rhode Island will have no objection to this amendment and is willing to incorporate it in the bill. The Senator from Rhode Island is silent. I will ask, in order to clear his mind

upon the subject, whether in his judgment the duties in the bill represent fairly the difference in the cost of production between this country and competing countries and a fair profit to the American manufacturer added? The Senator doubtless did not hear my question.

Mr. ALDRICH. I must confess that I did not.

Mr. NEWLANDS. I will repeat it. I ask the Senator whether, in his judgment, the duties in the bill fairly represent the difference in the cost of production, with reference to the various commodities covered in it, between this country and competitive countries, with a fair profit to the American manufacturer added?

Mr. ALDRICH. I should say yes in answer to that.

Mr. NEWLANDS. May I ask, Does the Senator believe that they represent only that difference?

Mr. ALDRICH. Mr. President, there may be some cases where they do not represent the difference.

Mr. NEWLANDS. Would the Senator say they are in excess or below?

Mr. ALDRICH. The Senator from Nevada and various associates and allies of his have been so persistent in their vote to reduce duties that there may be some cases in the bill—and I am inclined to think there are—where the rates are not as high as they should be to represent the difference in the cost of production. But, with those exceptions, I think they come as near to it as we could get under the circumstances.

Mr. NEWLANDS. I understand, then, the Senator from Rhode Island claims that the bill does present in its duties the difference between the home production and foreign production regarding these commodities, with a fair profit to the American manufacturer added. I suggest, therefore, that no possible harm can come from the adoption of this amendment, for the amendment simply provides for a reduction of the duties at the rate of 5 per cent per annum, with a proviso that such reduction shall not apply to such duties as do not exceed this differential, and the differential is to be ascertained and declared by the President of the United States, doubtless with the aid of the experts afforded by the bill.

I assume that the Senator is willing that this question of the differential shall be inquired into in a leisurely way, in a deliberate way, by the President of the United States, with such expert aid as he can secure. If the bill does properly represent the differential called for by the Republican platform, doubtless the President will so declare, and there will be no reductions. But as the Senator's aim has been to fairly represent in these duties this differential, he doubtless will have no objection to the President of the United States, if upon investigation and deliberation he finds that the duty is above that differential, having the differential reduced to the standard fixed by the Republican party, particularly when that reduction is to be so gradual a reduction, a reduction only at the rate of 5 per cent per annum, and with the proviso that in no case shall the total reduction exceed 25 per cent.

But, Mr. President, if the Senator from Rhode Island is satisfied that the bill properly presents the differential called for by the Republican platform, the people of the country are not satisfied. You have only to read the newspapers coming from every section of the country and representing all parties to realize that the country believes that the methods adopted by Congress for ascertaining this differential are faulty, that the method of inquiry is defective, and that the committee and Congress have not properly recorded this differential.

If the country were satisfied that deliberate inquiry would be made on this subject in an investigation in which the importer would stand upon one side, presenting his facts, and the manufacturer upon the other, presenting his facts, and both of them making their contentions and their arguments before a board of experts appointed by the President for that purpose, the finding of that board of experts to be approved by the President of the United States, I believe that agitation regarding the reform and the revision of the tariff would practically end. I do not believe any party could successfully go before the country and contend for a revision and readjustment of the tariff when the tariff is based upon an honest ascertainment of the differential in the cost of production. The Democratic party in 1888 practically so declared in its platform of 1888, and however this may be, the good judgment of the country would not stand by an agitation which would seek to overthrow an honest ascertainment of this difference and a declaration of it in the law.

So it seems to me that the stability of business, the stability of production, depends upon silencing these doubts, silencing this agitation, by an inquiry conducted somewhat after the manner in which, under the authority of Congress and under a rule laid

down by Congress, the question of a reasonable railroad rate is now determined by a tribunal organized by Congress, the Interstate Commerce Commission. The organization of that commission, the feeling on the part of the people that they have a chance, that both sides have a chance, the shippers upon the one side and the railroad company upon the other, to present their facts and their contentions before a capable tribunal, has done more to abate the controversy regarding railroads in this country than any other thing; and with the legislation required in the future, aiding that commission, and enlarging its powers, it is safe to say that the transportation question will absolutely disappear from politics.

Now, why is it more important that the question of the reasonable transportation rate should be determined by a tribunal competent to determine it than that a reasonable duty upon foreign importations should be determined by a tribunal capable of determining it?

Mr. ALDRICH. Mr. President—

The VICE-PRESIDENT. Will the Senator from Nevada yield to the Senator from Rhode Island?

Mr. NEWLANDS. Certainly.

Mr. ALDRICH. The Senator is extremely anxious, and I am sure the Senator from Nevada shares in that anxiety, to dispose of the bill. I would suggest that the Senator permit the Senate to vote upon the question. I am sure we understand the provisions of the amendment he has suggested.

Mr. NEWLANDS. The Senator, of course, is very solicitous to get through with the bill, and I imagine the Senate is; but I intend to go on for a few moments and press these points, because I believe that the true solution of this question in the future rests upon the contention which I am making; and whilst my voice may not be potential in its determination, I believe that other voices will be added to mine in the future, and to the voices of those who, like the Senator from Wisconsin [Mr. LA FOLLETTE], make the same contention, and that finally there will be an overwhelming sentiment created in this country that this tariff shall not be year after year the sport of politics, but that it shall be adjusted in some rational and scientific way by men who have the time and the training and who are especially authorized to perform this task, and who are disinterested, and who can give the whole question that deliberation which it is impossible for the Senate of the United States or the House of Representatives of the United States with their large membership and their other absorbing duties to give to it.

I challenge the Senator from Rhode Island to permit the President of his own party, selected by that party as its leader, to organize a tribunal that will make a deliberate inquiry into the facts regarding this differential, and will record that fact under some effectual rule laid down by Congress.

Let me say, Mr. President, that whilst the Senator from Rhode Island may be convinced that the duties fixed in this act only fairly represent the differential in the cost of production between this country and foreign competing countries, I beg to differ with him upon that contention, and I base my view upon certain general conclusions from the statistical information which has been furnished to this body. The Finance Committee has informed us that the total production in this country of commodities covered by this tariff act included in its dutiable list aggregate in value thirteen billion and a half dollars, and that only \$770,000,000 worth of like commodities slipped into this country over the tariff wall which has been established—only about one-twentieth, only about 6 per cent of the total production of this country.

That, in my judgment, indicates a prohibitory tariff; not a tariff which simply establishes the differential of cost, giving our manufacturers, according to the contention of the Republican party, a fair show in our own markets with the maintenance of existing wages, but giving them an advantage which the Republican party, if its platform expresses its real purpose, does not seek to obtain.

There are other statistics also. The statistics presented by the Senator from Rhode Island show that the total wage cost in this country in the production of these thirteen billion and a half of domestic products equals two billions and a half, and yet a 45 per cent duty means that the manufacturers of this country have added to the cost of the production abroad of a similar quantity of commodities \$4,000,000,000, which is imposed as an additional cost upon the American consumers.

So with a total wage cost in the protected industries of only two billions and a half dollars you give the manufacturers of this country a charter to impose additional taxes upon the American people in increased prices of \$4,000,000,000.

Now, your platform does not call for an allowance to the American manufacturer in the shape of a duty of the entire

wage cost of the production of these articles. It gives you the right only to impose the difference between the wage cost here and the wage cost abroad, and yet you have taken not only the whole wage cost and added it to the price of your domestic products, but you have taken one billion and a half more and added that to such cost, and in this way you have gradually evolved the great trusts and monopolies which, behind the protection of this tariff wall, thus excluding foreign competitive products, have monopolized production and sale in our own country, resulting in the creation of enormous fortunes unknown hitherto in the history of the world, and organizing a plutocracy powerful in business and powerful in legislation such as has never been produced before in the history of the world.

So I ask the Senator from Rhode Island in all sincerity to put in the bill his party declaration, to accept the test of the deliberation and the judgment of a fair tribunal appointed by the President himself, and let us see, after such deliberation and inquiry upon proofs presented by all the parties in interest, whether these duties really equal the difference in the cost of production or are excessive, and if they are excessive it devolves then upon the Republican party to see to it by a rule fixed in the bill that they are reduced to the standard which they themselves have fixed. I ask permission to put in the RECORD certain statistics in a table presented to the Senate by the Finance Committee.

The VICE-PRESIDENT. Without objection, that permission will be granted.

The table referred to is as follows:

Recapitulation.

[The ad valorem are based on the dutiable values.]

Schedules.	Value of merchandise (dutiable and free).	Census of manufactures 1905 (calendar year, 1904).	
		Wages.	Value of products, including custom work and repairing.
A. Chemicals, oils, and paints....	\$42,067,649.85	\$44,258,256	\$572,848,470
B. Earthenware, earthenware, and glassware.....	31,306,008.97	154,652,719	420,944,049
C. Metals, and manufactures of.....	68,016,829.55	652,109,633	3,130,253,195
D. Wood, and manufactures of.....	24,499,810.90	878,461,021	1,353,489,978
E. Sugar, molasses, and manufactures of.....	92,784,061.69	23,536,189	413,333,428
F. Tobacco, and manufactures of.....	29,959,081.79	62,640,308	331,117,081
G. Agricultural products and provisions.....	63,925,575.39	100,839,004	2,194,833,894
H. Spirits, wines, and other beverages.....	23,083,420.03	43,924,676	474,487,379
I. Cotton manufactures.....	31,889,814.07	217,955,322	1,014,094,237
J. Flax, hemp, and jute, and manufactures of.....	114,172,302.94	27,223,574	185,094,092
K. Wool, and manufactures of.....	62,818,797.81	135,069,063	707,210,990
L. Silks and silk goods.....	38,816,839.20	26,767,943	133,288,072
M. Pulp papers and books.....	20,005,025.62	123,903,633	548,957,239
N. Sundries.....	135,821,484.06	340,606,182	1,954,228,027
Total from customs.....	779,140,621.87	2,331,988,518	13,534,180,743
Net increase.....			
Total luxuries, articles of voluntary use, dutiable.....	289,411,904.28		
Total necessities, dutiable.....	489,728,717.59		

Mr. ALDRICH. I move to lay the amendment on the table.

Mr. MONEY. Mr. President, before that motion is put—

The VICE-PRESIDENT. The question is on the motion of the Senator from Rhode Island to lay the amendment on the table.

Mr. MONEY. I ask the Senator to yield to me for a few minutes.

Mr. ALDRICH. I withdraw the motion for the present.

The VICE-PRESIDENT. The Senator from Rhode Island withdraws his motion for the present.

Mr. MONEY. Some three weeks ago, with a sincere desire to expedite the passage of this bill in some form and to get it completely before the Senate, I asked certain questions of the honorable Senator who has charge of the bill. I respectfully requested him to give us a complete bill. I did so at that time because I was very greatly urged by friends of mine on this side to consent to a time certain upon which we could vote upon the whole bill. I felt that that was impossible when we did not have the bill before us, and I made certain suggestions in a memorandum, which I had the Secretary to read, and I asked to that memorandum the attention of the chairman of the committee. He was kind enough to say at that time that he

would consider these things and that his intention had been all along to call a meeting of the whole committee, in which meeting these matters would be considered.

Mr. President, we have carried this bill through the Committee of the Whole, and we are about to bring it to a conclusion in the Senate, and we yet have no complete bill before the Senate. There has been no repealing clause, and what effect a repealing clause may have when introduced by the chairman, at the order or direction of the committee, may very much influence the vote upon the whole bill; in fact, it may change the whole character of this bill. It may destroy or it may make revenue.

But I am going to have the Secretary read—and I invite most respectfully the attention of the Senator to them—some things which have been omitted from the bill, which the Senator will recognize as being quite necessary to it. I hope that something will be done in the direction which I have just indicated.

Mr. ALDRICH. Mr. President—

Mr. MONEY. For instance, if the Senator will allow me, there is one thing of very great interest to the consumers of this country, and that is, under the present law when American goods are sent abroad they can be imported by American citizens without the payment of any duty. That does not appear in this bill. There is a prohibition in the present law against obscene matter being introduced, and that does not appear in this bill. There is also a drawback on machinery and other things that are needed here to do things which we can not do with our own machinery, and to admit them free of duty if they should be imported. There is no drawback in this bill, either.

Mr. ALDRICH. Does the Senator from Mississippi want an answer as he goes along, or does he desire to first make his speech?

Mr. MONEY. I do not desire to make a speech at all, if the Senator will allow me—

Mr. ALDRICH. The Senator from Mississippi was probably not in the Senate when I explained that the provisions to which he has been alluding are not reenacted because there is no occasion for their reenactment. The repealing clause does not affect them. They are left to stand as they are in the existing law, without change and without modification.

Mr. MONEY. It is very reassuring to have that statement from the honorable chairman of the Committee on Finance; but the Senate is entitled to the phraseology of the bill which will be the law, and not the assurance of any Member of this Senate as to what it will be. What we want is the law itself, and I for one would like to know what is to be repealed by the repealing clause; how much of the present law, whether so much as is in conflict with certain provisions of this bill, or whether certain paragraphs or sections are to be left untouched; whether such provisions as I shall send to the desk are to be reenacted in this law, or not. If the Senator will bear with me, I will have the paper which I have sent to the desk read, and then I will give him the floor.

Mr. ALDRICH. Mr. President, if the Senator from Mississippi had been in the Senate four or five days ago, he would have heard what I then stated, that it was not the purpose of the committee, because they considered it absolutely unnecessary, to reenact the eight or ten sections of existing law which are not changed at all by this bill, and can not be changed at all by the repealing clause. I also explained as to other provisions. For instance, as to the drawback provisions, the House bill contained entirely new drawback provisions, based upon a different theory and principle from what has been in use in this country up to the present time. I stated for the committee that they believed that the present drawback provision should remain, instead of the new one; and that, therefore, they asked the Senate to strike out the other provisions and retain the existing law. That has been done. All these matters have been taken care of. If the Senator from Mississippi had followed the proceedings, he would have discovered that they had all been acted upon by the Senate.

Mr. MONEY. Mr. President, it is quite probable, as stated by the distinguished Senator from Rhode Island, that I have not very closely attended the proceedings of this body. I have been here from day to day, but have been unable at times to keep my seat. I am quite sure, however, that in the bill as printed, there is no provision made for the things which I have enumerated in the paper which I have sent to the Secretary's desk, and which I will ask the Secretary to now read.

The VICE-PRESIDENT. Without objection, the Secretary will read as requested.

Mr. ALDRICH. If the Senator from Mississippi desires, I will answer as the reading proceeds. When I see what the

paper states are excluded, I will give the reasons for their exclusion.

The provisions with reference to the importation of obscene literature, consisting of four or five sections of the existing law, were not changed in the House bill at all, and the Committee on Finance saw no reason for their reenactment. That is true of the drawback provisions; and that is also true of a number of other provisions of the bill.

The bill as it stands before the Senate to-day is a complete bill, the repealing sections and all. The committee have no amendments to suggest except as to one or two omissions, which have been accidentally made as to some matters; but, with that exception, the bill is complete, and can be passed at this moment as a completed bill.

Mr. MONEY. I would ask that the Secretary read the repealing clause of this bill upon which we are called upon to act, and which the Senator from Rhode Island assures me is completed. I want to hear the Secretary read the repealing clause of this bill.

The VICE-PRESIDENT. Without objection, the Secretary will read the repealing clause of the pending bill.

The Secretary read as follows:

Section 4232 of the Revised Statutes, and sections 11 and 12 of chapter 421 of the laws of 1886, approved June 19, 1886, and so much of section 4219 of the Revised Statutes as conflicts with this section, are hereby repealed.

The VICE-PRESIDENT. Does the Senator from Mississippi desire to have read what he has sent to the desk?

Mr. ALDRICH. I will myself read the last clause of the House bill.

Mr. MONEY. It is not my desire to cross-examine the Senator from Rhode Island, as he very well knows.

Mr. ALDRICH. The last clause of the House bill reads:

Sec. 42. That all acts and parts of acts inconsistent with the provisions of this act are hereby repealed, but the repeal of existing laws or modifications thereof—

And so forth.

Mr. MONEY. I ask the Senator from Rhode Island whether or not this bill provides in any way for the reimportation free of duty of goods of American manufacture which had been sent abroad?

Mr. ALDRICH. That is provided for in the paragraphs of the free list.

Mr. MONEY. Well, Mr. President, I have not lost anything by calling the attention of the chairman of the Committee on Finance to what I conceive to be the condition of things. I was not in the Senate when he made his remarks the other day, and I am very glad to be informed that some care has been taken of these matters.

Mr. ALDRICH. I move to lay on the table the amendment submitted by the Senator from Nevada [Mr. NEWLANDS].

The motion was agreed to.

Mr. BURTON. I desire to offer an amendment as a new paragraph, to be known as "493½."

Mr. NEWLANDS. Mr. President—

The VICE-PRESIDENT. Does the Senator from Ohio yield to the Senator from Nevada?

Mr. BURTON. I do.

Mr. NEWLANDS. I wish to ask the Senator whether he will not permit me to offer an amendment supplementary to the one which I last offered? There will be no debate; and I presume it will be disposed of in the same way.

Mr. BURTON. I am willing to suspend the consideration of my amendment and yield to the Senator from Nevada for that purpose.

Mr. NEWLANDS. I offer the amendment which I send to the desk.

The VICE-PRESIDENT. The amendment proposed by the Senator from Nevada will be stated.

The SECRETARY. It is proposed to add as a new section the following:

That the duties fixed in this act shall, on the first day of each year, commencing January 1, 1910, be reduced at the rate of 5 per cent thereof per annum: *Provided, however,* That such reduction shall not apply to any commodity the imports of which during the previous fiscal year ending June 30 shall have exceeded one-tenth of the total production of such commodity in the United States: *And provided further,* That such reduction shall cease when the imports of such commodity shall exceed one-tenth of the total production thereof in the United States during such previous fiscal year: *And provided further,* That the total reduction shall not exceed 25 per cent of any such duties, until further directed by law. This provision shall not apply to Schedules F, H, and L, relating to tobacco, spirits, and silks.

The VICE-PRESIDENT. The question is on agreeing to the amendment of the Senator from Nevada [Mr. NEWLANDS].

The amendment was rejected.

Mr. BURTON. Now I offer my amendment.

The VICE-PRESIDENT. The Senator from Ohio offers an amendment, which the Secretary will state.

The SECRETARY. It is proposed to insert in the free list a new paragraph, as follows:

4933. Asphaltum and bitumen, crude, if not dried or otherwise advanced in any manner.

Mr. BURTON. Mr. President, if there is any form of improvement which should receive the encouragement of Congress, it is the good-roads movement and the better paving of streets. Asphalt has been found to be one of the very best materials for paving and has greatly increased in use during the last ten years. The first asphalt pavement laid in the country was, I believe, on Pennsylvania avenue here in the year 1878.

There are three principal sources of supply, one in California, where it is a petroleum product, and the others in Venezuela and in the island of Trinidad, where asphalt is a natural product, which is brought to this country in the crude form for refining. When refined, the California product has perhaps 99 per cent of pure bitumen, which is the element that determines the usefulness of the article for paving. The Venezuelan asphalt has about 95 per cent of bitumen, while that from the island of Trinidad has about 60 per cent. I submit, Mr. President, that this article of crude asphalt should be on the free list.

Mr. BAILEY. Will the Senator from Ohio permit me to interrupt him?

The VICE-PRESIDENT. Does the Senator from Ohio yield to the Senator from Texas?

Mr. BURTON. I do.

Mr. BAILEY. I desire to ask the Senator if in its crude state it is available for use as a paving material?

Mr. BURTON. Not the Venezuelan product or the Trinidad product; they have to go through the process of heating in a large kettle.

Mr. BAILEY. There would still be a duty on it when in a condition fit for public use for sidewalks?

Mr. BURTON. When fit for immediate use. I would say that it is mostly brought here in the crude shape. In the year 1907 there was something over 100,000 tons imported in crude shape, and I believe about 30,000 in refined shape. The removal of the duty on the crude material will diminish the cost of paving from 5 to 10 or even 15 per cent. To that extent it will diminish the cost of asphalt paving in all our cities, and will greatly diminish the cost when used for road building. Several States have appropriated, for the purpose of good roads, amounts varying from \$500,000 up to \$5,000,000.

Is there any domestic industry which would suffer by the removal of this duty? There is the competing product of California, which is obtained by distillation from petroleum. The use of that California asphalt has greatly increased, from about 8,000 tons in the year 1893 to 100,000 tons in 1907.

It has an entire monopoly of the whole Pacific coast, and has an advantage also in freight rates for a good share of the distance toward the Mississippi River. The quantity of asphalt required is so large that the California product is now used in very considerable amount on the Atlantic coast. Only a short distance from the Capitol—New Jersey avenue, between B and C streets, is paved with California asphalt.

The claim made in California, as I understand, is that as their freight rate is \$10 a ton, while the freight rate on the Venezuelan and Trinidad asphalt is only about \$2, they should have a duty sufficient to enable them, after paying that freight rate of \$10 a ton, to control the eastern market.

Mr. GALLINGER. Mr. President—

The VICE-PRESIDENT. Does the Senator from Ohio yield to the Senator from New Hampshire?

Mr. BURTON. Yes.

Mr. GALLINGER. My attention was attracted to a statement made by the Senator, that this would be of advantage in the good-roads movement. Did I understand the Senator to say that crude asphaltum was used in the construction of modern roads?

Mr. BURTON. Not crude asphaltum, but the refined asphaltum, as I understand it.

Mr. GALLINGER. Is that product used in the construction of modern roads in the country?

Mr. BURTON. I will read a brief sentence which, I think, will answer the Senator's question, from a statement issued by Mr. E. L. Atherton, director of the Good Roads Committee, in which he says:

The immense investment now being made in all Eastern States for good roads is jeopardized through the wear and tear on roads by automobiles. Good roads conventions recently held in Paris, Seattle, and elsewhere show that the mineral elements in good roads must be bonded together by asphalt to make them durable and to save enormous annual expenditures for their maintenance. It is therefore vitally important

to the good-roads system in this country that nothing should be allowed to stand in the way of the procuring of asphalt at the lowest cost.

I will state also to the Senator from New Hampshire that I am in receipt of a pamphlet issued by the Good Roads Committee of the State of Massachusetts, an official statement, showing that they are using asphalt on their roads in Massachusetts now.

Mr. GALLINGER. I had knowledge that they did not use it a few years ago in Massachusetts in constructing their most excellent roads. The little State of New Hampshire has recently appropriated a million dollars for roads. I know that they have no intention of using asphaltum, and it is a new thought to me.

Mr. BURTON. The reason why they have not used it, probably, is partly because they have not tried it and partly because of its cost. The diminished cost by reason of taking off the duty would encourage them to use it, where otherwise they would feel they could not do so.

Mr. GALLINGER. I should think, from what knowledge I have of asphaltum and its costs, that it would be so expensive as to be prohibitory in the building of country roads.

Mr. BURTON. Asphalt pavements naturally can not be had except on the very expensive roads; but asphalt could be used, as stated in the paper from which I have just read, as a binding material with other road material.

Mr. President, I do not wish to detain the Senate for any long time. In view of these facts, I submit to the Senate that crude asphalt should be placed upon the free list. I do not think it should be insisted that the duty ought to be kept up so that an article from California, costing about \$5, and paying a freight rate of \$10, may come into the eastern markets by the aid of a duty. That would mean we were establishing the principle that, if in a remote portion of the country there is an article produced only there, your tariff rates must be fixed at a figure which will enable the producer to have the market all over the United States.

Mr. BAILEY. Mr. President, I move to strike out of the pending amendment all after the word "bitumen," so as to put asphaltum and bitumen in all forms on the free list. I can see no good reason for giving it to those who intend to refine it, without a duty, and still leaving a duty on it in the only form in which it is fit for general and public use.

Mr. BURTON. Will the Senator from Texas allow me?

Mr. BAILEY. Certainly.

Mr. BURTON. There was a brief dialogue between the Senator from Texas and myself on that subject a day or two ago. I think there should be some duty on the refined product. I will suggest, however, that if this amendment should prevail, I shall follow it with another amendment to reduce the duty on the refined article. There has been for twelve years a differential between them of a dollar and a half a ton. I fear that the motion of the Senator from Texas would tend to prejudice some support which would otherwise be obtained for the amendment I have proposed. I can not offer any objection, however, to his making the motion, if he desires to do so.

Mr. BAILEY. Mr. President, of course I would not consent to a differential duty on any product, because the differential is essentially a protection. If we are to give the people, to our municipalities, and to other public bodies the benefit of cheaper asphaltum, surely we ought to make it cheap in the form which is fit and ready for use. I take it that the people who mine—and I suppose it might be probably called a "mining process"—the people who mine this asphaltum bestow quite as much labor on it as the people who refine it; and I can not understand why the Government should allow it to come in free in the form in which most of it comes in and lay a tax only on the smaller part of it that comes in fit and ready for use.

Mr. ALDRICH. Would the Senator from Texas be willing to withdraw his amendment for the purpose of allowing me to make a motion to lay the amendment of the Senator from Ohio [Mr. BURTON] on the table?

Mr. BAILEY. I should like to have all asphaltum free, but I am not willing to give the refiners of it the large quantity which they import free of duty and still leave the people to pay a duty on the smaller part which they bring in for use. I should myself prefer to put asphaltum in all forms on the free list; and I should prefer a vote on that motion.

The VICE-PRESIDENT. The Secretary will state the amendment offered by the Senator from Texas [Mr. BAILEY] to the amendment of the Senator from Ohio [Mr. BURTON].

The SECRETARY. In the amendment offered by Mr. BURTON it is proposed to strike out the words "crude, if not dried or otherwise advanced in any manner," so that it will read:

4933. Asphaltum and bitumen.

Mr. FLINT. Mr. President, I simply desire to say a word in answer to the Senator from Ohio [Mr. BURTON] in reference to the rate of duty on asphalt. Prior to the tariff of 1897, when asphalt was free, the price of asphalt was \$35 a ton, and the average cost for paving was \$3.50 per square yard. A duty was then placed upon it, and in ten years, under that duty, the price of asphalt has fallen from \$35 a ton to \$20 a ton and the price of paving from \$3.50 to \$1.75 per square yard.

The removal of this duty on asphalt would turn over to the asphalt trust of this country an absolute monopoly of this business. The only competition that there is to-day with the imported asphalt is that produced in California, and the removal of this duty would give to the monopoly the entire business of this country. The asphalt trust, through their power of manipulating councilmen and legislative bodies, have had conditions placed in the specifications, so that to-day in many of the cities of the United States the asphalt trust is able to have its commodity used and no other. If the people of this Nation desire to have this business turned over to the asphalt trust, they can do so by placing asphalt on the free list.

Mr. BAILEY. Do I understand the Senator from California to say that there is a national asphalt trust?

Mr. FLINT. Yes, sir.

Mr. BAILEY. I hope the Senator will say that loud enough for the Attorney-General to hear him. [Laughter.]

Mr. BURTON. Mr. President, there is a deeply seated fear of the trust in California. When we were talking about lemons, the argument was presented to us that the Sicilians and inhabitants of remote portions of the earth were coming on us in the form of a trust, to do us harm and raise the price of lemons, unless we raised the duty on California lemons from a cent to a cent and a half a pound. I should think the use of that trust argument on one occasion would be sufficient.

I wish to say that there is and can be no trust in asphalt. All that is required is a few iron kettles, the importation of the article, and some little combustible material. It may be of interest to the Senator from California to know that there is in this city a contractor who has imported some thousands of tons of asphalt.

Mr. BAILEY. Will the Senator from Ohio permit me, just there, to make this suggestion? If the process is as simple and inexpensive as he has described, they certainly do not need a duty.

Mr. BURTON. I expected that argument from the Senator from Texas. Nevertheless, there is a reason, I still maintain, for some duty. The work has to be done with some care, and at some considerable cost.

Mr. BACON. Will the Senator permit me to ask him whether any of the refined article is imported into this country?

Mr. BURTON. There is, as I stated, about 30,000 tons.

Mr. BACON. From Venezuela?

Mr. BURTON. From Venezuela and from Trinidad. I am not so sure as to the country of origin of the refined asphalt, but—

Mr. BACON. That is what I asked about—the refined article, which you wish to protect. Is there any importation of that?

Mr. BURTON. There is an importation of about 30,000 tons of the refined article. I am not sure of the countries from which it comes.

The Senator from California [Mr. FLINT] quoted from the argument of one of his fellow-citizens in regard to the diminished cost of asphalt since the duty was placed upon it. In their quotations they are both in error. The official book of Imports and Duties, which we all have on our desks, shows that the custom-house valuation of imported asphalt, crude, not dried or advanced, was, in 1894, \$2.76 per ton; in 1897, \$3.24; in 1907, \$4.13. So far, then, from being of a higher price before the duty was imposed, the price has been higher at the time during which the duty was imposed. So far as regards refined asphalt, the custom-house valuation in 1898 was \$4.80 per ton, and in 1907, \$10.62 a ton. So it is not correct to say that the imposition of this duty has lowered the cost.

The VICE-PRESIDENT. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was rejected.

Mr. ALDRICH. I move to lay on the table the amendment of the Senator from Ohio.

Mr. BURTON. On that I ask for the yeas and nays. I hope the Senator from Rhode Island will not press his motion.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. CURTIS (when his name was called). I desire to announce my pair for the balance of the day with the junior Senator from Maryland [Mr. SMITH]. If he were here, I should vote "yea."

Mr. DILLINGHAM (when his name was called). I have a general pair with the senior Senator from South Carolina [Mr. TILLMAN]. Not knowing how he would vote if present, I withhold my vote.

Mr. FLINT (when his name was called). The senior Senator from Texas [Mr. CULBERSON] being absent, I withhold my vote.

Mr. GUGGENHEIM (when his name was called). I again announce my pair with the senior Senator from Kentucky [Mr. PAYNTER].

Mr. LODGE (when his name was called). I am paired with the Senator from Georgia [Mr. CLAY]. I transfer the pair to the Senator from Kentucky [Mr. BRADLEY], and will vote. I vote "yea."

Mr. ROOT (when his name was called). I again announce my pair with the senior Senator from Maryland [Mr. RAYNER].

The roll call was concluded.

Mr. DANIEL. I am paired with the Senator from Maine [Mr. FRYE]. If he were present, I should vote "nay."

Mr. MCCUMBER. I have a pair with the junior Senator from Louisiana [Mr. FOSTER]. He being absent, I withhold my vote.

Mr. FLINT. I transfer my pair with the senior Senator from Texas [Mr. CULBERSON] to the junior Senator from Utah [Mr. SUTHERLAND], and will vote. I vote "yea."

The result was announced—yeas 37, nays 29, as follows:

YEAS—37.

Aldrich	Carter	Hale	Perkins
Bailey	Clark, Wyo.	Heyburn	Piles
Beveridge	Crane	Johnson, N. Dak.	Scott
Bourne	Depew	Jones	Smoot
Brandeggee	Dick	Kean	Stephenson
Briggs	Dixon	Lodge	Warren
Bristow	du Pont	Lorimer	Wetmore
Brown	Flint	McEnery	
Bulkeley	Gallinger	Page	
Burnham	Gamble	Penrose	

NAYS—29.

Bacon	Dolliver	McLaurin	Smith, Mich.
Bankhead	Fletcher	Martin	Smith, S. C.
Burkett	Foster	Money	Stone
Burton	Frazier	Nelson	Taliaferro
Chamberlain	Gore	Overman	Taylor
Clapp	Hughes	Owen	
Crawford	Johnston, Ala.	Shively	
Cummins	La Follette	Simmons	

NOT VOTING—26.

Borah	Curtis	McCumber	Root
Bradley	Daniel	Newlands	Smith, Md.
Burrows	Davis	Nixon	Sutherland
Clarke, Ark.	Dillingham	Oliver	Tillman
Clay	Elkins	Paynter	Warner
Culberson	Frye	Rayner	
Cullom	Guggenheim	Richardson	

So Mr. BURTON's amendment was laid on the table.

Mr. DIXON. Mr. President, I have two amendments affecting the inheritance tax. I first desire to offer a proviso merely declaring the intention of Congress with regard to the repealing clause of the act of 1902. This proviso was prepared in the Attorney-General's office, and is designed to cure an anomalous condition now existing in the internal-revenue law. After the clerk has read the proposed amendment, I should like to make a little explanation of it.

The VICE-PRESIDENT. The Secretary will report the amendment.

The SECRETARY. Add as a new section to the bill the following:

Whereas much uncertainty and conflict of opinion having arisen as to when taxes or duties imposed by section 29 of the act of June 13, 1898, and its amendments mentioned in section 8 of the act "to repeal war-revenue taxation and for other purposes," approved April 12, 1902, should be deemed imposed, it is hereby declared to have been the true intent and meaning of section 8 of said act approved April 12, 1902, that such taxes or duties should be deemed imposed prior to the taking effect of said act whenever a taxable legacy or interest or the legal or equitable rights thereto vested in possession and enjoyment before July 1, 1902, whether or not the tax or duty became due or payable before such last-stated date.

Mr. KEAN. I do not think that belongs in this bill.

Mr. DIXON. This amendment was prepared in the office of the Attorney-General of the United States, who is very anxious that Congress shall give some relief regarding about \$4,000,000 now collected and held in the Federal Treasury under the old inheritance-tax law of 1898.

Mr. ALDRICH. If the Senator will permit me, I think there will be no objection to this amendment—

Mr. BAILEY. Mr. President, as I caught the language of the amendment from the reading, it simply construes a statute.

Mr. DIXON. That is all.

Mr. BAILEY. Congress has no power to construe a statute. The courts do that.

Mr. ALDRICH. The trouble is, the courts are all divided on this subject.

Mr. BAILEY. That is not unusual nowadays. The majority has to decide, however.

Mr. ALDRICH. But there can be no majority in the cases before the Supreme Court, as I understand it.

Mr. BAILEY. Then—

The VICE-PRESIDENT. Does the Senator from Montana yield?

Mr. BAILEY. Is this an instruction to the Supreme Court?

Mr. ALDRICH. No; this is an instruction to the administrative officers of the Government.

The VICE-PRESIDENT. The Senator from Montana has the floor.

Mr. DIXON. It is probable that never before in the judicial history of this country has there existed such a condition as now exists with regard to the \$4,000,000 that we collected six years ago, and that is now being taken out of the Treasury every day, while the Government is powerless to help itself. A case involving this question was decided in favor of the Government by the circuit court of appeals of the eighth district. The circuit court of appeals of the second district decided a similar case against the contention of the Government. It went up on appeal to the Supreme Court of the United States, at a time just after Mr. Justice Brown had resigned from the bench. An evenly divided court resulted—four to four. So the question again remained undecided. As recently as last May the Government tried to get it up again on certiorari before the Supreme Court of the United States, but they refused to entertain the writ.

The situation is simply this: The Government collected \$4,000,000 of these taxes. The question as to when the tax was imposed depends upon the construction of the repealing clause. The claimants contend that the tax was not imposed until the expiration of the full year, because they had a year in which to pay the tax. The Government claims that the tax was imposed at the time of the death of the decedent. The tax was collected years ago; but, under this abnormal condition as to decisions of the courts, claims attorneys representing the larger estates are bringing suits, the solicitor tells me, for the larger amounts, and recovering them, and the Government is standing helpless. This is merely a declaration of the intention of Congress. It is asked for by the Attorney-General, and was prepared in his office.

Mr. BAILEY. If I caught the language of this proviso correctly, it is not worth the paper on which it is written. Congress has no power to tell a court how to decide a law. That is peculiarly within the judicial province. If Congress passes a law that has a double meaning, or an obscure meaning, the courts must work it out the best they can.

I shall do no more than simply to protest against this novel doctrine that the court being evenly divided Congress steps in and decides the case. The law was passed, and as it was written it must be construed. This is the first time I have ever heard it suggested that Congress could usurp the judicial function and construe a law. Our office is to pass the law; the office of the President is to see that it is executed; and if in executing the law any question arises as to its meaning, that question must go to the courts.

Mr. DIXON. But the court is at a standstill; and this is merely declaratory of the meaning of the act.

Mr. BAILEY. That was simply the result of the action of the officers of the Government in having an important case heard and determined by an incomplete court. On a question of that kind it looks to me like the legal officers representing the Government would have suggested delay until the court could have been filled, and then with nine there could not be an evenly divided court.

Mr. ALDRICH. Will the Senator permit me?

Mr. BAILEY. Permit me to add that the reason we have an odd number to compose the court is so that it can not be equally divided.

Mr. ALDRICH. I was applied to by the Attorney-General and by the Solicitor of the Department of Justice to put this amendment into this bill in the public interest. I said to them very frankly that it could not be thought about if it led to discussion; that I was willing that the attempt should be made; and the Senator from Montana is making the suggestion along that line. It is very evident to me that it will lead to discussion, and I ask the Senator from Montana if he will not withdraw the amendment?

Mr. BAILEY. I do not intend to discuss it any more, but I am not willing to sit here and see this kind of a provision written into the law without expressing my opinion about it.

Mr. DIXON. I think there will be a vote.

Mr. HUGHES. Mr. President, I should like to know if it is claimed that the Attorney-General of the United States has ex-

pressed the opinion that, eleven years after a law has been passed and six or seven years after it has expired, this body can enact a binding construction of that law? I should like to have the yeas and nays of this body upon the proposed amendment, that we may see whether any lawyer here—I can not conceive that the Attorney-General does—indorses a legal doctrine of that kind. I think it is an affront to the learning and conservative judgment of the lawyers in the Senate to ask them to say that when the Supreme Court can not decide a question of statutory construction in the determination of litigated rights, this body may enact a construction of a law which has passed out of existence and make that construction, declaration, or opinion determine the rights of litigants or people who are interested in that money, and whose rights are before the court.

Mr. DIXON. It is a matter in which I have no personal interest in any degree, and I will withdraw the amendment if it leads to debate.

The VICE-PRESIDENT. The Senator from Montana withdraws the amendment.

Mr. DIXON. Mr. President, at this time I want to offer the inheritance-tax amendment which was adopted by the House, with the one exception that I have raised the minimum of the estates to direct heirs to be taxed from \$10,000 to \$25,000. In general it levies a 5 per cent tax on the collateral heirs; on the direct heir, nothing up to \$25,000; from \$25,000 to \$100,000, on the direct heir, 1 per cent; from \$100,000 to \$500,000, 2 per cent; and above \$500,000, 3 per cent. The only change in the House provision is to raise the minimum of the estates from \$10,000 to \$25,000. Everyone is perfectly familiar with the situation, and I will not take up the time of the Senate in discussing it.

The VICE-PRESIDENT. The Secretary will read the amendment.

Mr. ALDRICH. It has been read.

The VICE-PRESIDENT. If there be no objection, it will not be again read.

The amendment is to insert the following at the end of the bill:

SEC. —. A tax shall be and is hereby imposed upon the transfer of any property, real or personal, of the value of \$500 or over, or of any interest therein or income therefrom, in trust or otherwise, to persons or corporations, within the United States or any of its possessions (except the Philippine Islands); in the following cases:

1. When the transfer is by will or by the intestate laws of any State, or Territory, or of the United States from any person dying seized or possessed of the property while a resident of the United States or any of its possessions (except the Philippine Islands).

2. When the transfer is by will or intestate law, of property within the United States or any of its possessions (except the Philippine Islands), and the decedent was a nonresident of the United States or any of its possessions at the time of his death.

3. Whenever the property of a resident decedent, or the property of a nonresident decedent, within the United States or any of its possessions (except the Philippine Islands), transferred by will, is not specifically bequeathed or devised, such property shall, for the purposes of this section and the next four sections following, be deemed to be transferred proportionately to and divided pro rata among all the general legatees and devisees named in said decedent's will, including all transfers under a residuary clause of such will.

4. When the transfer is of property made by a resident or by a nonresident when such nonresident's property is within the United States, or any of its possessions (except the Philippine Islands), by deed, grant, bargain, sale, or gift made in contemplation of the death of the grantor, vendor, or donor, or intended to take effect in possession or enjoyment at or after such death.

5. When any such person or corporation becomes beneficially entitled, in possession or expectancy, to any property or the income thereof by any such transfer, whether made before or after the passage of this act.

6. Whenever any person or corporation shall exercise a power of appointment derived from any disposition of property made either before or after the passage of this act, such appointment when made shall be deemed a transfer taxable under the provisions of this act in the same manner as though the property to which such appointment relates belonged absolutely to the donee of such power and had been bequeathed or devised by such donee by will; and whenever any person or corporation possessing such power of appointment so derived shall omit or fail to exercise the same within the time provided therefor, in whole or in part, a transfer taxable under the provisions of this act shall be deemed to take place to the extent of such omission or failure, in the same manner as though the persons or corporations thereby becoming entitled to the possession or enjoyment of the property to which such power related had succeeded thereto by a will of the donee of the power failing to exercise such power, taking effect at the time of such omission or failure.

7. The tax imposed hereby shall be at the rate of 5 per cent upon the clear market value of such property, except as otherwise prescribed in the next section.

SEC. —. When property, real or personal, or any beneficial interest therein, of the value of less than \$25,000, passes by any such transfer to or for the use of any father, mother, husband, wife, child, brother, sister, wife or widow of a son or the husband of a daughter, or any child or children adopted as such in conformity with the laws of any State, Territory, or of the United States (in which such person shall at the time of such transfer reside), of the decedent, grantor, donor, or vendor, or to any child to whom any such decedent, grantor, donor, or vendor for not less than ten years prior to such transfer stood in the mutually acknowledged relation of a parent: *Provided, however*, That such relationship began at or before the child's fifteenth birthday and was continuous for said ten years thereafter: *And provided also*, That,

except in the case of a stepchild, the parents of such child shall be deceased when such relationship commenced, or to any lineal descendant of such decedent, grantor, donor, or vendor born in lawful wedlock, such transfer of property shall not be taxable under this act; if real or personal property or any beneficial interest therein so transferred is of the value of \$25,000 and not exceeding \$100,000, it shall be taxable under this act at the rate of 1 per cent upon the clear market value of such property; if exceeding \$100,000 and not exceeding \$500,000, it shall be taxable under this act at the rate of 2 per cent upon the clear market value of such property; if exceeding \$500,000, it shall be taxable under this act at the rate of 3 per cent upon the clear market value of such property. But any property devised or bequeathed to any person who is a bishop or to any religious, educational, charitable, missionary, benevolent, hospital or infirmity corporation, including corporations organized exclusively for Bible or tract purposes, shall be exempted from and not subject to the provisions of this act. There shall also be exempted from and not subject to the provisions of this act personal property other than money or securities bequeathed to a corporation or association organized exclusively for the moral or mental improvement of men or women, or for scientific, literary, library, patriotic, cemetery, or historical purposes, or for the enforcement of laws relating to children or animals, or for two or more of such purposes and used exclusively for carrying out one or more of such purposes. But no such corporation or association shall be entitled to such exemption if any officer, member, or employee thereof shall receive or may be lawfully entitled to receive any pecuniary profit from the operations thereof except reasonable compensation for services in effecting one or more of such purposes or as proper beneficiaries of its strictly charitable purposes; or if the organization thereof for any such avowed purpose be a guise or pretense for directly or indirectly making any other pecuniary profit for such corporation or association or for any of its members or employees, or if it be not in good faith organized or conducted exclusively for one or more of such purposes.

SEC. — If such tax is paid within six months from the accrual thereof, a discount of 5 per cent shall be allowed and deducted therefrom. If such tax is not paid within eighteen months from the accrual thereof, interest shall be charged and collected thereon at the rate of 10 per cent per annum from the time the tax accrued; unless by reason of claims made upon the estate, necessary litigation, or other unavoidable cause of delay, such tax can not be determined and paid as herein provided, in which case interest at the rate of 6 per cent per annum shall be charged upon such tax from the accrual thereof until the cause of such delay is removed, after which 10 per cent shall be charged.

SEC. — That the tax or duty aforesaid shall be due and payable in one year after the death of the testator and shall be a lien and charge upon the property of every person who may die as aforesaid, for twenty years, or until the same shall, within that period, be fully paid to and discharged by the United States; and every executor, administrator, or trustee having in charge or trust any legacy or distributive share, as aforesaid, shall give notice thereof, in writing, to the collector or deputy collector of the district where the deceased grantor or bargainer last resided within thirty days after he shall have taken charge of such trust, and every executor, administrator, or trustee, before payment and distribution to the legatees, or any parties entitled to beneficial interest therein, shall pay to the collector or deputy collector of the district of which the deceased person was a resident, or in which the property was located in case of nonresidents, the amount of the duty or tax assessed upon such legacy or distributive share, and shall also make and render to the said collector or deputy collector a schedule, list, or statement, in duplicate, of the amount of such legacy or distributive share, together with the amount of duty which has accrued, or shall accrue thereon, verified by his oath or affirmation, to be administered and certified thereon by some magistrate or officer having lawful power to administer such oaths, in such form and manner as may be prescribed by the Commissioner of Internal Revenue, which schedule, list, or statement shall contain the names of each and every person entitled to any beneficial interest therein, together with the clear value of such interest, the duplicate of which schedule, list, or statement shall be by him immediately delivered, and the tax thereon paid to such collector; and upon such payment and delivery of such schedule, list, or statement said collector or deputy collector shall grant to such person paying such duty or tax a receipt or receipts for the same in duplicate, which shall be prepared as hereinafter provided. Such receipt or receipts, duly signed and delivered by such collector or deputy collector, shall be sufficient evidence to entitle such executor, administrator, or trustee to be credited and allowed such payment by every tribunal which, by the laws of any State or Territory, is, or may be, empowered to decide upon and settle the accounts of executors and administrators. And in case such executor, administrator, or trustee shall refuse or neglect to pay the aforesaid duty or tax to the collector or deputy collector, as aforesaid, within the time hereinbefore provided, or shall neglect or refuse to deliver to said collector or deputy collector the duplicate of the schedule, list, or statement of such legacies, property, or personal estate, under oath, as aforesaid, or shall neglect or refuse to deliver the schedule, list, or statement of such legacies, property, or personal estate, under oath, as aforesaid, or shall deliver to said collector or deputy collector a false schedule or statement of such legacies, property, or personal estate, or give the names and relationship of the persons entitled to beneficial interests therein untruly, or shall not truly and correctly set forth and state therein the clear value of such beneficial interest, or where no administration upon such property or personal estate shall have been granted or allowed under existing laws, the collector or deputy collector shall make out such lists and valuation as in other cases of neglect or refusal, and shall assess the duty thereon; and the collector shall commence appropriate proceedings before any court of the United States, in the name of the United States, against such person or persons as may have the actual or constructive custody or possession of such property or personal estate, or any part thereof, and shall subject such property or personal estate, or any portion of the same, to be sold upon the judgment or decree of such court, and from the proceeds of such sale the amount of such tax or duty, together with all costs and expenses of every description, to be allowed by such court, shall be first paid, and the balance, if any, deposited according to the order of such court, to be paid under its direction to such person or persons as shall establish title to the same. The deed or deeds, or any proper conveyance of such property or personal estate, or any portion thereof, so sold under such judgment or decree, executed by the officer lawfully charged with carrying the same into effect, shall vest in the purchase thereof all the title of the delinquent to the property or personal estate sold, under and by virtue of such judgment or decree, and shall release every other portion of such property or personal estate from the lien or charge thereon created by this act. And every person who shall have in his possession, charge, or custody any

record, file, or paper containing, or supposed to contain, any information concerning such property or personal estate, as aforesaid, passing from any person who may die, as aforesaid, shall exhibit the same at the request of the collector or deputy collector of the district, and to any law officer of the United States, in the performance of his duty under this act, his deputy or agent, who may desire to examine the same. And if any such person, having in his possession, charge, or custody any such records, files, or papers, shall refuse or neglect to exhibit the same on request, as aforesaid, he shall forfeit and pay the sum of \$500: *Provided*, That in all legal controversies where such deed or title shall be the subject of judicial investigation, the recital in said deed shall be prima facie evidence of its truth, and that the requirements of the law had been complied with by the officers of the Government: *And provided further*, That in case of willful neglect, refusal, or false statement by such executor, administrator, or trustee, as aforesaid, he shall be liable to a penalty of not exceeding \$1,000, to be recovered with costs of suit. Any tax paid under the provisions of sections 34, 35, 36, and 37 shall be deducted from the particular legacy or distributive share on account of which the same is charged.

SEC. — That from and after the passage of this act the Secretary of the Treasury, upon the recommendation of the Commissioner of Internal Revenue, is authorized to appoint a competent person, at an annual salary of \$3,000, whose special duty it shall be to conduct such investigations as may be necessary to secure the efficient enforcement of the tax imposed upon legacies and distributive shares of personal property by this act, and the Commissioner of Internal Revenue may also from time to time assign one or more special agents to aid in such investigations.

The VICE-PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Montana.

Mr. BORAH. Do I understand this is offered as an amendment or as a substitute?

Mr. DIXON. As an amendment to the bill; not as a substitute.

Mr. BORAH. If it is offered as an amendment, I will vote against it. I do not want to raise revenue on everything.

Mr. STONE. I rose to make the same inquiry—whether it is an amendment. I am going to vote against it, because I think this matter ought to be left as a source of revenue to the States.

Mr. ALDRICH. I move to lay the amendment on the table.

Mr. DIXON. On that I ask for the yeas and nays.

The yeas and nays were not ordered.

The motion to lay on the table was agreed to.

Mr. ROOT. I offer the amendment I send to the desk.

Mr. ALDRICH. The committee accept the amendment offered by the Senator from New York.

The VICE-PRESIDENT. The Senator from New York offers an amendment, which will be stated.

The SECRETARY. On page 127, line 8, after the word "containing," strike out the word "ninety" and insert "one hundred and sixteen."

Mr. HALE. I wish to say that this amendment was originally offered by me and adopted by the Senate. I do not agree to the principle of the amendment now suggested; but it is better that the whole matter be sent to conference. Therefore I shall not oppose it here.

Mr. STONE. I should like to have the amendment reported.

The VICE-PRESIDENT. Without objection, the Secretary will again state the amendment.

The SECRETARY. On page 127, in paragraph 339, relating to floor matting, and so forth, in line 8, strike out "ninety" and insert "one hundred and sixteen," so as to read:

Commonly known to the trade as China and India matting, containing 116 ends of warp or less, 3 cents per square yard.

Mr. BACON. I should like to inquire of the Senator whether the amendment raises or reduces the rate?

Mr. ALDRICH. It reduces it. It is a large reduction.

The VICE-PRESIDENT. The question is on agreeing to the amendment offered by the Senator from New York.

The amendment was agreed to.

Mr. ROOT. There is another amendment on line 10, which will be required to be made in order to give effect to the amendment.

Mr. ALDRICH. Yes; in line 10, after the word "than."

The SECRETARY. In line 10, strike out "ninety," and insert "one hundred and sixteen."

The VICE-PRESIDENT. Without objection, the same amendment will be made in line 10.

Mr. McLAURIN. Mr. President, I have an amendment that I desire to offer. It is practically an amendment that I offered in Committee of the Whole, on which there was a yeas-and-nay vote taken. I suppose it will go the way of the other amendments, but it is in behalf of a class of people who, I think, ought to be recognized by the legislation of this country. It is in order to put farming implements and carpenters' tools and blacksmiths' tools on the free list. The farmers are a very important class of the population of this country. If they were to cease to perform their office all over the world for one year, the populations of all the earth would perish.

I will not detain the Senate to make any remarks on it, but I ask that this short amendment be read, and I would be very

glad to have it adopted. I ask that it be added after the words "United States," in paragraph 712, line 23, on page 244.

The VICE-PRESIDENT. The Secretary will read the amendment.

The SECRETARY. On page 244, after the words "United States," it is proposed to insert:

Notwithstanding anything in this bill contained, trace chains, lock chains, log chains, and all other chains used on a farm; plows, plow handles, plow beams; screws used on, in, or about plows, colters, lap rings, clevises, clevis pins, buck heads, singletrees, doubletrees, cuffs and hooks for singletrees and doubletrees; horse collars, hames, hame strings, backbands, bellybands, plow lines, bridles, and all other plow gear; saddles, wagon harness, buggy harness, carriage harness, pitchforks, spades, spade handles, shovels, shovel handles, axes, ax handles, hoes of all kinds, hoe handles, reapers, harvesters, mowers, pea-vine pullers, scythes, scythe blades, reap hooks, grass blades, lawn mowers, rakes, hammers, hammer handles, hatchets, hatchet handles, and all other farming implements, and all carpenters' tools and all blacksmiths' tools, when imported into this country shall be admitted free of duty.

Mr. KEAN. The Senator—

Mr. ALDRICH. I move to lay the amendment on the table.

The VICE-PRESIDENT. The Senator from Rhode Island moves to lay the amendment on the table.

Mr. KEAN. The Senator from Mississippi—

The VICE-PRESIDENT. The motion is not debatable.

Mr. KEAN. Neglected to include grindstones with which to sharpen the tools.

Mr. McLAURIN. I accept the amendment.

Mr. GORE. Mr. President—

The VICE-PRESIDENT. For what purpose does the Senator from Oklahoma rise?

Mr. GORE. I ask the Senator from Rhode Island if the table is big enough to lay these things on?

The VICE-PRESIDENT. The Senator from Rhode Island moves that the amendment be laid on the table.

The motion was agreed to.

Mr. BEVERIDGE. I offer the following amendment.

The VICE-PRESIDENT. The amendment will be stated.

The SECRETARY. It is proposed to add, at the end of paragraph 128, page 40, line 2, after the word "pounds," the following proviso:

Provided, That the drawback provisions of this act shall not apply to any articles manufactured in whole or in part of tin plates,terne plates, and taggers tin.

Mr. BEVERIDGE. Mr. President, I offer this amendment in the fulfillment of what seems to me strictly protective principles, emphasized by justice.

Under the present indiscriminate drawback provisions of our law perhaps the greatest business organization in the world gets its tin plate in Wales, brings it here, manufactures it into cans and containers, and then ships it out again, getting all of the tariff that it paid when it brought the tin in as a drawback, excepting only 1 per cent. That great concern, as everybody knows, is the Standard Oil Company.

I do not appeal for a single vote upon any grounds of attacking that great corporation or of its unpopularity, but its great prosperity has been drawn from the common prosperity of the American people. The development of our resources, the creation of our industries under the protective system, have given to it a great portion of its enormous wealth, of which for the purposes of this vote, I repeat, I make no complaint. It seems to me only just that it should patronize American tin-plate mills instead of the Welsh tin-plate mills. It appears to me to be no hardship that it should buy its tin here instead of in Wales.

Mr. President, this is a large matter for the tin-plate industry of this country, but a comparatively small matter for this tremendous business organization. During the past ten years more than one billion, nearly 1,400,000,000 pounds of tin plate, have been imported into this country. On that a duty has been paid aggregating \$20,000,000. Practically all of that was brought in by the Standard Oil Company, and having manufactured its tin, which it brought in, into cans and containers it shipped it out again full of oil drawn from our own wells and exported to foreign markets and then got back nearly all of the \$20,000,000 which it had paid as a duty excepting 1 per cent. The result of this—

Mr. ALDRICH rose.

Mr. BEVERIDGE. Pardon me just a moment and I will be through. The result of this has been that the tin-plate industry of this country has suffered. Perhaps the protective duty on tin plate was the farthest sighted piece of protective statesmanship that we have witnessed since the civil war. It has justified itself by building up a tin-plate industry in this country which now supplies all our needs.

In order to keep the men at work we must ourselves export tin plates, and the tin plates that we export are made by our

workingmen, upon an agreement with the manufacturers that they shall make that particular tin plate at more than 20 per cent less wages. It is estimated by the laborers engaged in this great industry that if this concern and other concerns who buy their tin plate in Wales were to buy it here, it would keep as much as 30 tin-plate mills going in addition to those we now have. I do not know whether that estimate is correct or not; but it must be patent to all that if they bought their tin plate here, where they have derived their great wealth, they would certainly keep every tin-plate mill now in existence in full operation at full wages.

Mr. DOLLIVER. Mr. President—

The PRESIDING OFFICER (Mr. GALLINGER in the chair). Does the Senator from Indiana yield to the Senator from Iowa?

Mr. BEVERIDGE. I am about through, but I will yield.

Mr. DOLLIVER. I wish to make a suggestion, in order to get the Senator's view about it. This drawback provision has been on the statute books for a good many years. My recollection is that it was said in 1897 that if the drawback privilege was withdrawn it would not operate to stimulate the purchase of tin plate here, but would operate to stimulate the manufacture of tin cans in Hongkong and other Asiatic centers for the distribution of oil in tin cans; that the Standard Oil Company and other exporters of oil would carry in bulk in tank steamers their oil to the places where they would be ready to ship to the interior of Asiatic countries; and that instead of resulting in the patronage of our own tin-plate mills it would result in the purchase of foreign tin plate and the manufacture of oil cans and containers in Hongkong or other eastern cities, where it could be done very cheaply. I should like to know what the views of the Senator are in respect to that.

Mr. BEVERIDGE. My views upon that particular point are that if it would be profitable for them to do that in the future, then it would be profitable for them to do it now. They already have a line of tank steamers. They can already ship their oil in bulk; and if they could ship their oil in bulk cheaper, they would do that and get their tin cans made by Hongkong labor. That is the first answer.

The second answer is that that argument would serve to keep up any duty on anything, no matter whether it was reasonable or extravagant.

The third answer is that the tin manufacturers of this country, and especially the tin workers of this country, whom I know to be an uncommonly intelligent set of men, keenly alive to their interests, think that the exception of tin plate in the drawback provision would result in their working full time at full wages instead of a part of the time at cut wages.

These men have studied every phase of the question. I present their views. They occurred to me to be remarkably reasonable. Certainly if a business organization derives its prosperity from American resources and from the American people under the protective system which has built up our industry, it ought to be willing to patronize similarly protected American industries. Certainly there can be no reason why it should not buy its tin plate here as well as and better than in Wales. It would not cost it, Mr. President, so very much, in comparison with what it makes.

I shall insert in my remarks a list of the drawbacks without reading them, because I do not want to consume the time, from the year 1899 to the year 1908; all the drawbacks also in each year. They run from \$1,744,400 in 1899 to \$2,357,486 in 1908. That would not be a great deal for this company, but it would mean much to the thousands of tin-plate workers in the United States.

Mr. ALDRICH. Mr. President, this proposition involves about \$75,000,000 of exports from the United States per annum and puts an additional burden upon all those exports. Let us see what the situation is. The only people practically who make tin plate in the United States are the United States Steel Company. If anybody is to be benefited by this proposition, it is that one single concern.

Let us see who is interested on the other side. It is true that the Standard Oil Company is a large exporter of oil. So are a large number of other oil exporters. But they are not the only people who are shipping American products out of this country in tin cans. The meats of the West are constantly shipped to a very large extent in tin cans.

Mr. PERKINS. A million cases of salmon.

Mr. ALDRICH. Yes; a million cases of salmon; meats from Iowa, from the Western States, from Illinois; fruits and vegetables; fruits from all along the Atlantic seaboard.

Mr. SCOTT. Alcohol.

Mr. ALDRICH. Alcohol; all kinds of domestic products. Fruits can not be sent abroad and canned there. Oil has the least of the benefits, because, as has already been suggested by

the Senator from Iowa, oil can be shipped in tank cars to Canada or by steamer to Hongkong or to any one of a great number of ports and put in tin cans, thereby depriving the American workmen. But these other products can not be treated in that way. It seems to me very strange that the Senate should be asked, for the benefit of one concern, to hamper or place burdens upon the export business of the United States.

I move to lay the amendment on the table.

Mr. BEVERIDGE. I hope the Senator will withhold that for a moment until I can make one or two remarks in answer to what the Senator said, because it is just.

The PRESIDING OFFICER. Will the Senator from Rhode Island withdraw his motion?

Mr. ALDRICH. Very well.

Mr. BEVERIDGE. First, the Senator says this would affect \$75,000,000. I wish to say—

Mr. ALDRICH. Of exports.

Mr. BEVERIDGE. Yes; of exports of oil.

Mr. ALDRICH. Not of oil, but of everything.

Mr. BEVERIDGE. How much oil?

Mr. ALDRICH. I do not remember; somewhere in the neighborhood of \$50,000,000; not by the Standard Oil Company, but by the great railroad companies.

Mr. BEVERIDGE. Well, whatever they are, the answer to that is that the Senator would not claim that if they had canned their oil in American-made tins, they would stop their exports.

Mr. ALDRICH. No; but they would put the oil in some other form.

Mr. BEVERIDGE. Would they stop their exports if they were put in some other form?

Mr. ALDRICH. Of course not, because they will have to export it.

Mr. BEVERIDGE. That was the question asked by the Senator from Iowa [Mr. DOLLIVER] which I tried to answer. It is certain that they would not stop their exports. It is certain that they would export it in some other way. It is certain that they would not make quite so much profit.

Now, the Senator has said that means only one concern that would be benefited, and that was the Steel Corporation. The Senator knows that it would not benefit one dollar, for the reason that the drawback does not now harm it in any way. It must export its tin if it is the tin producer, and I did not know it was the only tin producer until the Senator said so, and I do not believe it now.

Mr. ALDRICH rose.

Mr. BEVERIDGE. In a moment. Concede that it now supplies our home market and makes a surplus which it must export, and as our Republican campaign text-book shows—and I do not want to take the time to read it, but will if the Senator desires—makes arrangements with these men to work for reduced wages in order to keep fully employed making this excess tin which they have to export.

If the drawback was taken off, if the Standard Oil Company or any other company or concern had to buy American-made tin plate, this concern would get no benefit, because it would all go to these wages which now by agreement are good for the purpose of making this extra supply of tin plate for export.

I do not know that all Senators know, but I am sure the Senator from Rhode Island knows, that it is the case in the tin-plate industry that the tin-plate workers are not all paid at the same scale of wages. No matter what kind of tin plate they make or for what purpose, they are paid full wages for that sold in this country, and cut wages, to which they agree, for that which is exported.

Now, if that condition did not exist, if there was a market which—

Mr. McLAURIN. Will the Senator allow me?

Mr. BEVERIDGE. In just a second—which absorbed all of their product, they would not work at cut wages for the excess which they manufactured to export abroad, but would work for full wages, as they do now on all tin made for American consumption.

Mr. McLAURIN. I was just going to ask the Senator from Indiana why they are paid less wages for that which is exported than for that which is consumed in this country?

Mr. BEVERIDGE. They agree to it; they must. That is why I put in the amendment.

Mr. McLAURIN. Upon what basis is that agreement made?

Mr. BEVERIDGE. The basis of the agreement and the reason why the agreement becomes necessary is, as they have told me themselves, that we now make in this country enough for our own domestic supply and more; and in order to keep the men at work and the mills running, we manufacture an excess for export; but it can not be exported at the wages we pay here for the production of American tin used in this country.

Therefore the company and the men agree to a cut in the wages which will cover that difference. So with this drawback, the tin-plate company would not get the benefit, but the laborers would get the benefit to the extent I have indicated.

Mr. ALDRICH rose.

Mr. BEVERIDGE. Just one word more, and I shall sit down, and the Senator from Rhode Island may make his motion to lay on the table.

Then, Mr. President, about fruits. There is a duty on most of these fruits. They are protected. Why can they not be shipped abroad in protected American-made tins? If they enjoy protection, why should they not patronize protection? It seems to me, as I stated in the beginning, that this amendment is based upon strict protective principles, emphasized peculiarly by justice.

Mr. SCOTT. Why does not the Senator offer an increase of duty on tin plate and protect the workmen?

Mr. BEVERIDGE. I am surprised that the Senator from West Virginia should ask that question, because the Senator will see that that would not prevent these companies, especially the Standard, from getting its tin in Wales. It would be a still greater inducement for it to do so. There is no need of increasing the duty on tin plate, because, under the present duty, we are making all we can use in this country, and more, and must export it; and the portion which we must export we can profitably export only by having the workmen, who agree to the arrangement, work at reduced wages, which enables the company to export, thus keeping them employed all the time. That is the reason.

In the case of fruit and all of those things that must be shipped abroad in tins, I think most of them are afforded protection. I do not see now—I am perfectly aware that others are better informed and can enlighten me—why those who are protected should not also patronize industries that need their patronage. I can not understand—

Mr. BAILEY rose.

Mr. BEVERIDGE. Just a moment.

I can not understand why they should not be shipped abroad in our own tin.

Mr. BAILEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Texas?

Mr. BEVERIDGE. Certainly.

Mr. BAILEY. Waiving the question of sending this surplus abroad and selling it to foreign people cheaper than to our own people, I want to inquire of the Senator from Indiana how it happens, under this protective tariff, if we are making more than we consume and are thus compelled to ship this surplus to other nations, that an enormous amount of it is imported into this country?

Mr. BEVERIDGE. The reason is that it is imported, of course, on account of the existence of this drawback provision, which enables the importers of the tin to purchase it in Wales cheaper than they can purchase it here, make their tin into cans, ship it abroad, and get the benefit of the drawback, and thus pay no tariff.

Mr. BAILEY. Mr. President, that answer is not sufficient, because, if they can sell this tin abroad, and sell it in competition with Wales, after paying ocean freight and insurance in carrying it to those markets, certainly they could compete against Welsh tin after it had paid ocean freights and insurance in coming here. So that explanation will not suffice.

Mr. BEVERIDGE. The answer to that is, that the tin exported is not made at American wages, but at reduced wages. However, these are the facts as I understand them. This, as I understand, is the request of these thousands of American laborers.

Mr. BAILEY. These benevolent tin-plate manufacturers and these American laborers, if they have to take lower wages, ought certainly to be willing to give their fellow-citizens in this country the benefit of them, and they ought to save ocean freight and insurance both ways. That would tend very much to correct inequalities of wages.

Mr. BEVERIDGE. If the Senator will permit me, if they did that, if there were no tariff on at all, if they reduced their wages all along the line, as they do for that portion of the tin which they export, then they would have to compete on a labor basis with Welsh laborers, which is something that the protective system does not admit of. The Senator from Texas does not mean to say that he would have the tin-plate workers of this country paid Welsh wages.

Mr. BAILEY. I would pay every man exactly what he is worth, and I would not tax any other man to pay him more than he is worth. But that still does not explain, because they have a protective tariff intended to protect American laborers

against this Welsh competition, and I am only trying to emphasize the fact that the protective tariff fails at this point, according to all the arguments.

Mr. BEVERIDGE. Mr. President, my only answer to that is that I am, by excepting tins from this drawback provision, showing that the protective system does work. It does work perfectly, except where this drawback provision excepts it—

Mr. BAILEY. That is equivalent to saying that it works, except where it does not work.

Mr. BEVERIDGE. Except where the drawback makes an exception.

Mr. BAILEY. I want to ask the Senator, furthermore, if it is true that the steel trust is the only producer of tin plate in this country?

Mr. ALDRICH. That is unquestionably true.

Mr. BAILEY. Then, it looks as if the American Congress is reduced—

Mr. ALDRICH. It is inconceivable to me that the Senator from Indiana did not know that fact.

Mr. BAILEY. That is not surprising to me.

Mr. BEVERIDGE. I do not know it; but I do know what the workman in the tin-plate industry in this country complains of and demands.

Mr. ALDRICH. I move to lay the amendment on the table.

Mr. BEVERIDGE. I do know the chief beneficiary of the drawback is the Standard Oil Company.

Mr. BAILEY. I only want to observe that the American Congress is compelled to choose in this matter between the two greatest trusts in the United States—whether we will compel the oil trust to patronize the steel trust.

Mr. ALDRICH. It is not the oil trust alone; it is the meat producers of Texas.

Mr. BAILEY. The packers are also in a trust.

Mr. ALDRICH. I move to lay the amendment on the table.

The PRESIDING OFFICER. The question is on the motion of the Senator from Rhode Island to lay on the table the amendment of the Senator from Indiana.

The motion was agreed to.

Mr. GUGGENHEIM. I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The SECRETARY. On page 61, after line 18, it is proposed to insert the following paragraph:

173½. Chromate of iron or chromic-bearing ores of all kinds, 20 per cent ad valorem on the metallic value of the chrome contained therein.

Mr. ALDRICH. I am willing to let that go in, so that it may be considered in conference.

Mr. KEAN. I hope it will go out.

Mr. BURTON. Mr. President, I do not like to leave it in that way. There is an intimation that it may be thrown out in conference; but it seems to me the amendment ought not to be accepted. The article has heretofore come in free; it is a very useful article in many lines of industry, and the benefits which will be conferred by the amendment will be very slight in comparison with the greater expense to a very large number of users.

Mr. ALDRICH. I am extremely anxious to pass this bill to-day, and I am willing to have a vote on the proposition.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Colorado [Mr. GUGGENHEIM].

The amendment was rejected.

The SECRETARY. Also strike out paragraph—

Mr. ALDRICH. The rejection of the last amendment, Mr. President, obviates the necessity of voting on the other amendment.

The SECRETARY. Strike out paragraph 524, which reads:

524. Chromate of iron or chromic ore.

The PRESIDING OFFICER. The question is on the amendment.

Mr. BURTON. The rejection of the other amendment leaves that paragraph as it is.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was rejected.

Mr. OWEN. I offer the amendment which I send to the desk, to come in after line 25, on page 211.

The PRESIDING OFFICER. The amendment will be stated.

The SECRETARY. On page 211, after line 25, it is proposed to insert as a new paragraph the following:

471½. That the rate fixed on all articles enumerated in section 1 of this act, in Schedules A, B, C, D, E, F, G, I, J, K, L, M, N, shall be reduced 5 per cent per annum of the rate fixed in this act, annually on June 30, for each of the next ensuing five fiscal years: *Provided*, That such rate shall not hereunder be reduced or fixed below the point at which it would produce an amount equal to the difference in the cost of the production of any such article in the United States and abroad.

The difference in the cost of the production of any such article in the United States and abroad shall be determined, upon proper evidence duly recorded, by a nonpartisan commission of five experts, to be appointed by the President of the United States and confirmed by the Senate.

Mr. ALDRICH. I move to lay the amendment on the table.

The VICE-PRESIDENT. The question is on agreeing to the motion of the Senator from Rhode Island to lay on the table the amendment offered by the Senator from Oklahoma [Mr. OWEN].

The motion was agreed to.

Mr. HEYBURN. I offer the amendment which I send to the desk.

The VICE-PRESIDENT. The amendment will be stated.

The SECRETARY. On page 239, after the word "thereof," in line 4, it is proposed to insert the following:

Provided further, That on and after January 1, 1910, and until July 1, 1920, there shall be paid, from any moneys in the Treasury not otherwise appropriated, to the producer of tea within the United States, a bounty of 10 cents per pound, under such rules and regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe.

The producer of said tea to be entitled to said bounty shall have first filed prior to January 1 of each year with the Commissioner of Internal Revenue a notice of the place of production, with a general description of the lands and methods to be employed by him, with an estimate of the amount of tea proposed to be produced in the current or next ensuing year, including the number of acres to be cultivated, and an application for a license to so produce, to be accompanied by a bond in a penalty, and with sureties to be approved by the Commissioner of Internal Revenue, conditioned that he will faithfully observe all rules and regulations that shall be prescribed for such growth and production of tea.

The Commissioner of Internal Revenue, upon receiving the application and bond hereinbefore provided for, shall issue to the applicant a license to produce tea within the United States, at the place and by the methods described in the application; but said license shall not extend beyond one year from the date thereof.

No bounty shall be paid to any person unless he shall have first been licensed as herein provided, and only upon tea produced by such persons within the United States. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall from time to time make all needful rules and regulations for the cultivation of tea within the United States under the provisions of this act, and shall, under the direction of the Secretary of the Treasury, exercise supervision and inspection of the production thereof.

And for the payment of these bounties the Secretary of the Treasury is authorized to draw warrants on the Treasurer of the United States for such sums as shall be necessary, which sums shall be certified to him by the Commissioner of Internal Revenue, by whom the bounties shall be disbursed, and no bounty shall be allowed or paid to any person licensed as aforesaid in any one year upon any quantity of tea less than 100 pounds.

Mr. HEYBURN. Mr. President, this amendment is offered on behalf of the consumers of tea in this country and on behalf of the interests of the country in the production of tea. We are paying out in cash from \$13,000,000 to \$18,000,000 per year for tea to a limited area of production. We can produce all the tea that we need in this country under as favorable circumstances and of better quality than it is produced in Asiatic countries. We have an area of more than 200,000,000 acres that the Agricultural Department of the United States has pronounced adapted to the growth of tea. This year the product of tea will equal 33,000 pounds, and in twenty years we can produce, and will produce under the encouragement proposed by this amendment, all and more than all the tea necessary for the people of this country. Why not do it? The industry has grown in ten years faster than any industry that ever was started in this country. It extends from the Atlantic Ocean to the Gulf coast of Texas and clear through to California.

I could go into this question with some particularity, and it would probably attract the attention of Senators who have not had occasion to inquire about it. Senators will be surprised to know the extent over which tea is now produced in this country. I have a statement here, that is responsible, showing that during this season 33,000 pounds of tea can be harvested in the United States, as follows: From the Summerville mill, 14,000 pounds—that is in South Carolina; from the American Tea Growing Company's farms, in the same State, 16,000 pounds; from the Greenville farm, 1,000 pounds; from the experimental station of the Government in Texas, 1,000 pounds; and there is another place where it is produced; making a total of 33,000 pounds. That is an infant industry, but the soil and the climate of this country are just as well adapted to growing tea as those of Asiatic countries.

Just one other item and I will not detain the Senate further. The land now being used for tea growing is producing an average crop of 535 pounds of dry tea per acre each year. The climate of the southern Gulf States is, in general, admirably adapted to the cultivation of the tea plant. The cultivation of tea can safely be risked where the temperature seldom falls below 24 and never goes below zero, and where the annual rainfall exceeds 30 inches or more.

I will submit the question upon those facts. Let us build up this great new industry as we have built up the great beet-

sugar industry in this country. It is perfectly reasonable and it is entirely in line with the policy of the Republican party.

Mr. BEVERIDGE. Mr. President, I do not want to argue this question right now, but I do want to make one statement in answer to what the Senator from Rhode Island [Mr. ALDRICH] has said. I did not know that the tin-plate industry is, as he states, wholly made by the United States Steel Corporation. My communication on this subject, unlike his, had been with the workers directly; but since his statement was made, Senators on this floor have informed me that that corporation is not the only maker of this product, that it does not monopolize the tin-plate industry of the country.

There are four prosperous mills, and two of them are very large mills, in West Virginia; there are two in Ohio, one being a very large affair; and there are several, I am informed, in Pennsylvania. This information has come to me voluntarily within the last few moments, since his statement was made; and I am not willing to have it go unchallenged that the taking off of this drawback would benefit merely one corporation. It would not benefit it even if it were true; but the men who ask that this may be done desire to let it go on record that it is not a trust. There are, as I have pointed out and have been informed by Senators who themselves know, at least six great independent mills, and probably more.

Mr. ALDRICH. Can the Senator call the attention of the Senate to the extent of the production of these mills?

Mr. BEVERIDGE. I can not. I am not so well informed as is the Senator upon the production of the corporation and its rivals; but I think I am better informed than he is upon the condition and desires of the working people that are employed in these industries.

Mr. ALDRICH. When the Senator from Indiana wants to have something done, it is always the workmen, and not the employers or the manufacturers that will get the benefit of it. If he is opposed to a thing being done, it is the manufacturers who will get the benefit and not the employees.

Mr. BEVERIDGE. And with the Senator from Rhode Island it is always the manufacturers, and never the employees.

Mr. ALDRICH. The Senator is presuming a great deal when he makes that statement.

Mr. BEVERIDGE. Not so much as the Senator presumed when he made the statement that he did. I say, and repeat for the third time, as I told the Senator before when I told him I was going to do this, that this was a request that the tin-plate workers—the tin-plate laboring men—personally made, because they wanted full wages all the time instead of cut wages some of the time.

Mr. ALDRICH. The Senator did tell me once or twice that he had been obliged, under stress of political exigencies—

Mr. BEVERIDGE. The Senator must let me correct him right there.

Mr. ALDRICH. That is the way I understood him.

Mr. BEVERIDGE. No; the Senator is an older Senator than I am, but he presumes a great deal in repeating a private conversation incorrectly. He knows that I did not say "political exigencies" or anything of the kind. I said the workmen had asked me.

Mr. ALDRICH. I am not repeating a private conversation. The Senator said in his own public statement that he had promised—

Mr. BEVERIDGE. I say the demand for this thing comes from the workmen themselves.

Mr. ALDRICH. I understood the Senator to be carrying out his promise.

Mr. BEVERIDGE. I think the Senator is carrying out his promises, also—that is clear. [Laughter.]

Mr. ALDRICH. Mr. President, I understood the Senator to say, in his opening speech upon this subject, that he had said to the workmen that this attempt should be made. I understood him in that way. It is unquestionably true that there are five or six comparatively unimportant tin-plate mills in the United States, or perhaps more.

Mr. BEVERIDGE. Senators on the floor inform me that they are very important.

Mr. ALDRICH. They are important in a sense; but, of course, the large part, 80 or 90 per cent, of the tin plate produced in the United States is manufactured by one corporation.

But that has nothing whatever to do with my judgment as to the merits of the proposition made by the Senator from Indiana; and I do not intend to discuss it any further.

Mr. BEVERIDGE. Is not this the case: While it now develops here that there are, as Senators tell me, many very important tin-plate mills that are perfectly independent, is it not

true, on the other hand, that the Standard Oil Company is practically the sole exporter of oil, and practically the largest beneficiary of this drawback provision?

Mr. ALDRICH. No, Mr. President; it is not true that the Standard Oil Company is practically the only exporter of oil. There are a great many independent exporters of oil.

Mr. BEVERIDGE. Exporters of oil?

Mr. ALDRICH. Yes; exporters of oil; and the exports other than oil, as I have stated, amount to more than \$25,000,000 a year.

The VICE-PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Idaho [Mr. HEYBURN].

The amendment was rejected.

Mr. OLIVER. Mr. President, I desire to offer an amendment, which I send to the desk.

The VICE-PRESIDENT. The Senator from Pennsylvania offers an amendment, which the Secretary will report.

The SECRETARY. On page 30, in paragraph 100, in line 6, strike out the word "ten" and insert in lieu thereof the word "twelve;" in line 8 strike out the words "twelve and one-half" and insert in lieu thereof the word "fifteen."

Mr. BACON. What page is that?

The SECRETARY. Page 30, paragraph 100; so that it will read:

Cast polished plate glass, finished or unfinished and unsilvered, not exceeding 384 square inches, 12 cents per square foot; above that, and not exceeding 720 square inches, 15 cents per square foot.

The VICE-PRESIDENT. The question is on agreeing to the amendment.

Mr. OVERMAN. I desire to offer an amendment.

The VICE-PRESIDENT. An amendment to the amendment?

Mr. OVERMAN. Yes.

The VICE-PRESIDENT. The Senator from North Carolina offers an amendment to the amendment.

Mr. OVERMAN. Where the amendment says "12 cents" I move to amend by making it "8 cents;" and where it says "15 cents," I move to make it "10 cents" per square foot. I read from the old Dingley bill. This is the Dingley rate.

The VICE-PRESIDENT. The Secretary will report the amendment to the amendment.

The SECRETARY. It is proposed to make the rate where the area is not exceeding 384 square inches, 8 cents per square foot; above that, and not exceeding 720 square inches, 10 cents per square foot.

Mr. OVERMAN. The old Dingley rates for cast polished plate glass, finished or unfinished and unsilvered, not exceeding 16 by 24 inches square, were 8 cents per square foot; above that, and not exceeding 24 by 30 inches square, 10 cents per square foot. The House bill increased the Dingley rates from 8 to 10, and from 10 to 12, respectively.

The VICE-PRESIDENT. The Chair thinks the amendment which the Senator offers does not amend the amendment which the Senator from Pennsylvania has offered.

Mr. OVERMAN. I offer it as a substitute for it, then. I think it does amend it. It strikes out "twelve" and puts in "eight;" and it strikes out "sixteen" and puts in "ten."

The VICE-PRESIDENT. If the Senator will state it in the way of amending the amendment—

Mr. OVERMAN. I will simply offer as a substitute for it the provision of the Dingley bill.

The VICE-PRESIDENT. The Dingley bill is not pending. The amendment of the Senator from Pennsylvania is pending.

Mr. OVERMAN. I understand; but I am copying from the Dingley bill its language and offering that as a substitute. It is the law as it is at present.

Mr. ALDRICH. Mr. President—

Mr. OVERMAN. Mr. President, I have the floor.

Mr. ALDRICH. Will the Senator yield to me for a moment?

Mr. OVERMAN. I certainly will.

Mr. ALDRICH. One of these amendments increases the duty over the bill as it now stands, and the other reduces it. I do not like to have a discussion which may be indefinite in its length launched upon the Senate with reference to this matter. If the matter can be disposed of promptly, I shall not object. Otherwise, I shall move to lay these amendments on the table.

Mr. OVERMAN. The Senator can not keep me from the floor.

Mr. ALDRICH. No; and I am not proposing to. I am suggesting that I should like to dispose of the amendments.

The VICE-PRESIDENT. But the Senator from North Carolina has simply been yielded to by the Senator from Pennsylvania in order to offer his amendment. The Chair was attempting to get the amendment straightened out and reported. Now the Secretary will report the amendment.

The SECRETARY. As a substitute for the amendment offered by the Senator from Pennsylvania, the Senator from North Carolina proposes the following:

100. Cast polished plate glass, finished or unfinished and unsilvered, not exceeding 16 by 24 inches square, 8 cents per square foot; above that, and not exceeding 24 by 30 inches square, 10 cents per square foot.

Mr. OLIVER. Mr. President, I am aware that the Senators are very tired, and that they do not desire to listen to any lengthy discussion upon this or any other subject. But I regard this one as of vital importance to a very important industry, not only in our State, but all through the Middle West; and I think the Senator ought to have some little information upon it.

In 1875, before the establishment of the plate-glass industry in the United States, the smaller sizes of plate-glass sold at 71 cents per square foot. They are now selling at 18½ cents per square foot. The larger sizes then sold at \$1.69 per square foot. They are now selling at 43 cents per square foot. All this has been brought about through the enterprise of the American plate-glass manufacturers under the liberal encouragement given by the protective tariff.

It may be asked, "Why is it necessary to give even this slight increase at this time?" I will explain that in a very few words.

When the industry was established in this country, the demand for plate glass was confined almost entirely to the very large sizes. The smaller sizes were supplied through breakage and the cutting out of flaws that were found in the larger plates. Of late years the demand has entirely changed, and the time will soon come when the demand for the smaller sizes will be greater than that for the large ones. As the duty on the small sizes is confessedly much less, and, in fact, so low that they are sold for less than actual cost, the manufacturers find it absolutely necessary, in order to sustain themselves in business, that they shall be allowed this small advance in the duties upon the smaller sizes.

Mr. SMITH of Michigan. Mr. President—

The VICE-PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Michigan?

Mr. OLIVER. Certainly.

Mr. SMITH of Michigan. I should like to ask the Senator from Pennsylvania if it is not true that since the passage of the Dingley law and under its rates the domestic glass industry has increased more than 200 per cent?

Mr. OLIVER. I can not answer the Senator on that point.

Mr. SMITH of Michigan. I can tell the Senator from Pennsylvania that such is the truth. The House of Representatives has already added 25 per cent to the Dingley rates, after careful deliberation; but the proposition to increase the House rates 25 per cent is unnecessary, and I denounce it. I desire the American glass industry fully protected, and have helped to do it.

Mr. OLIVER. The Senator can denounce it in his own time.

I want to say that the industry which uses most of this small glass is now confessedly buying its glass at less than it costs the manufacturers to make it. I have this admission from one of them. And they are now seeking to perpetuate this condition of affairs. If the Senator wants an instance of inconsistency, I say that he can find it in the furniture manufacturers, who are themselves protected by the tariff and stand here and demand a range of duties which will compel other manufacturers in this country to sell them their goods at lower than absolute cost.

Mr. OVERMAN. Mr. President, as reported from the Finance Committee—

Mr. ALDRICH. Will the Senator from North Carolina allow me?

Mr. OVERMAN. Not if you are going to move to lay the amendment on the table. I can not yield for that purpose.

Mr. ALDRICH. There is no other way that I see to test the sense of the Senate on the two propositions, and without discussion.

Mr. OVERMAN. I do not yield for that purpose.

Mr. ALDRICH. I will seek the floor as soon as I can get it.

The VICE-PRESIDENT. The Senator from North Carolina is entitled to the floor.

Mr. OVERMAN. Mr. President, as reported from the Finance Committee, the increase was more than 25 per cent, which was a tax upon the furniture manufacturers of North Carolina alone of over \$200,000, and this increase will make it from \$350,000 to \$400,000, according to the estimates they give me. One of these glass men came into my office a few days ago, urging me to agree to this amendment. I said, "This means an increase of tax upon my people, who make this plain furniture. It means an increase of several hundred thousand dollars." His reply was, "The furniture men will not have to pay it.

The men who buy the furniture will have to pay it; the consumer will have to pay the tax."

Mr. President, I desire the Secretary to read some letters—only three—which I have received from furniture men in North Carolina.

The VICE-PRESIDENT. Without objection, the Secretary will read as requested.

The Secretary read as follows:

HIGH POINT, N. C., June 15, 1909.

HON. LEE S. OVERMAN,

United States Senate, Washington, D. C.

DEAR SIR: Again regarding the proposed increase in the glass tariff, we can not too strongly protest against any increase. Statistics show that, taking the furniture manufacturers as a whole, the average profit is not exceeding 5 per cent in normal times, and during the last two years of panic this small profit has been entirely wiped out. Already 20 of our furniture factories have been forced to discontinue business, and if there should be an advance in the price of glass it would only mean that all the manufacturers of furniture would be forced to the wall; the strongest could not survive. Under present conditions it is utterly impossible to sell anything except a very small per cent of the capacity, and that at greatly reduced prices. We do most urgently beg you to use your influence against such hardships on the furniture makers just for the interest of the glass trust, whose capital invested is much smaller than the investment in furniture manufacturers, and who employ only about one-fourth as many men. The glass growth has been phenomenal, and the trust is amply protected under the present rate.

Once more we urge that you use your efforts in defeating the proposed increase, which would mean destruction to the furniture industry of the country, and especially in the South, where principally the small sizes are used.

Yours, truly,

HIGH POINT FURNITURE CO.,
M. J. WRENN, Proprietor.

Mr. ALDRICH. Will not the Senator from North Carolina have the other letters printed in the RECORD without being read?

Mr. OVERMAN. Yes; I will have them printed. I merely wish to show the protest of our people.

The letters referred to are as follows:

NORTH WILKESBORO, N. C., April 12, 1909.

HON. LEE S. OVERMAN,

Washington, D. C.

DEAR SIR: While it is very seldom that we mix up with political questions, still, the proposed increase in the tariff on small sizes of plate glass seems to be so uncalled for, and at the same time a blow at the class of manufacturers in the South, as well as a burden on the average citizen, in that it will increase the price of the grade of furniture that he buys, that we decided to write and ask you to use your best endeavors to prevent this increase in the tariff on small sizes of plate glass.

At this time there is a large corporation, which almost amounts to a trust, in the glass business, and the present high tariff has brought this about and has prevented importation, thereby reducing the revenue of the Government.

Hoping you will make an energetic fight against this clause of the bill, we are,

Yours, very truly,

FOREST FURNITURE CO.,
J. R. FINLEY, Secretary and Treasurer.

FAYETTEVILLE, N. C., April 7, 1909.

Senator LEE S. OVERMAN,

Washington, D. C.

DEAR SIR: Permit us to call your attention to the glass schedule of the Payne bill, paragraphs 97 and 100. Personally we might be benefited, at least temporarily, by the passage of the Payne bill, as we have a large stock of glass on hand, but we desire as far as possible to prevent the consumers being unprotected against the trusts, which are able to manipulate the business under the present tariff. The price of glass being high when they can control the market, and when the independents become troublesome, the price is dropped until the outside people are crowded out. We do not believe this condition would exist under a tariff for revenue. From the best information we have, it costs but little more to produce glass in America than in Europe; American machine-made glass doubtless costs less. Plate glass costs 3 or 4 cents per square foot more in this country than in Europe, although in the best American factories it probably costs no more. As we understand the situation, the net result of the Payne bill is an advance in the glass that is actually imported, and a slight reduction is made in glass that is practically not imported; the reduction is therefore a "humbug," while the advance is real. The consumers and purchasers of these trust-protected articles are not heard from, as they can not afford to go to Washington, while the representatives of the trusts can, as they have ample means to pay such expenses, while the consumers have this added to their cost bill. This same argument applies, of course, to many other articles, but it is especially patent to us in the glass situation, and as we have no doubt you will view it from the same point we do, we have no hesitancy in asking that you endeavor to have this put down to a revenue basis.

With kindest regards, we remain,

Yours, truly,

HUSKE HARDWARE HOUSE,
B. R. HUSKE, President.

Mr. ALDRICH. I move to lay on the table the amendment proposed by the Senator from North Carolina to the amendment of the Senator from Pennsylvania.

Mr. OVERMAN. Will that carry the amendment of the Senator from Pennsylvania—both amendments?

Mr. ALDRICH. If not, I shall be obliged to move to lay the other one on the table, because I am not going to consent to a continuance of this discussion if I can help it.

Mr. OVERMAN. Does the Senator assure me he will move to lay the other amendment on the table?

Mr. ALDRICH. I do.

The VICE-PRESIDENT. The question is on agreeing to the motion of the Senator from Rhode Island to lay on the table the amendment of the Senator from North Carolina to the amendment of the Senator from Pennsylvania.

The motion was agreed to.

Mr. ALDRICH. I now move to lay on the table the amendment proposed by the Senator from Pennsylvania.

The motion was agreed to.

Mr. SHIVELY. I desire to call attention to page 323, line 14, and offer the amendment I send to the desk.

The VICE-PRESIDENT. The Secretary will state the amendment.

The SECRETARY. On page 323, line 14, strike out the words "ninety days," and, in the same line, strike out the word "the," before the word "proclamation;" so that if amended it will read:

Or other products in the United States treatment which is reciprocal and equivalent, then, after proclamation to this effect by the President of the United States, etc.

Mr. ALDRICH. The Senator from Indiana is right. "Ninety days" should not have been inserted there.

Mr. SHIVELY. Yes; and the word "the," following, should be stricken out.

Mr. ALDRICH. I ask that the vote by which this was agreed to be reconsidered and that the amendment be agreed to.

The VICE-PRESIDENT. Is there objection to the request of the Senator from Rhode Island? The Chair hears none, and it is so ordered.

Mr. SHIVELY. I offer the further amendment which I send to the desk.

The SECRETARY. On page 322, in lines 21 and 22, strike out the words:

In view of the character of the concessions granted by the minimum tariff of the United States.

Mr. ALDRICH. I can not consent to that.

Mr. SHIVELY. Before we go to this amendment, do I understand that the other amendment was agreed to?

Mr. ALDRICH. It was.

Mr. SHIVELY. Some Senators about me say it was not.

The VICE-PRESIDENT. It was agreed to by unanimous consent.

Mr. SHIVELY. And the record is complete showing its adoption?

The VICE-PRESIDENT. The Senator from Rhode Island asked that the vote be reconsidered, and that the amendment of the Senator from Indiana be agreed to, and the Chair put it as a request in that form, to which there was no objection.

Mr. SHIVELY. That settles that.

Mr. ALDRICH. I can not consent to this amendment.

Mr. SHIVELY. Mr. President, I do not intend to discuss at length this amendment. I doubt whether, in the hurry and rush of this closing hour of the pending bill, the significance of the words I have moved to strike out can be impressed on the Senate. All the duties imposed on the President by this section are to be performed in the light of these words, "in view of the character of the concessions granted in the minimum tariff of the United States." If concessions are granted in the minimum tariff, they are granted as fully and completely to one foreign country as to another. If they are granted, they are granted to all alike. How is the President to find in a foreign country treatment which shall be "reciprocal and equivalent" if the minimum tariff is not regarded as making affirmative concessions to be met by affirmative concessions by the government of that foreign country?

I do not believe this is what the Finance Committee intend, but this is what the language implies. The language quoted is unnecessary. This is not an act directing the making of a contract and prescribing what the consideration shall be. It is not an act granting treaty-making powers. The language I object to, or anything like it, is only employed in acts authorizing the making of treaties as to a limited number of objects; but here the maximum duties apply to all dutiable articles, and the President must act in reference to them all and as to all foreign countries, and as to none by way of treaty, yet he must act as to each country in the light of this language, which means nothing unless it means that our minimum tariff by its concessions frames up obligations which can only be canceled by affirmative corresponding concessions by each foreign country. The words serve no good purpose. The purpose of the section will be clearer and the duty of the President clearer by the omission of the words. They either confuse and becloud his real duty, or the section imposes on him an impossible task. To assume that concessions have been granted, and then to require the President to act in view of such concessions so as to secure treatment

which shall be "reciprocal and equivalent," and yet not require the foreign government to meet our claimed concessions by corresponding concessions, is to make a travesty of words.

This amendment may not be adopted, but I commend it to the reflection of the conference committee. I have no doubt the words I move to strike out will be found only to bring ambiguity into and cast doubt over this section, and hamper rather than assist the President in executing its purpose. If the conference committee will carefully reconsider this language in connection with all other parts of this section, in my judgment this clause will not finally go on the statute books.

Mr. ALDRICH. I move to lay on the table the amendment proposed by the Senator from Indiana.

The motion was agreed to.

Mr. DICK. I offer the following amendment.

The VICE-PRESIDENT. The Secretary will read the amendment.

The SECRETARY. In paragraph 271, page 91, line 9, after the word "pounds," insert:

Specially prepared for the consumer by capping, stemming, wet or dry cleaning, one-half cent per pound additional.

So as to read:

Currants, Zante or other, 2 cents per pound; specially prepared for the consumer by capping, stemming, wet or dry cleaning, one-half cent per pound additional.

Mr. DICK. The purpose of the amendment is to fix a differential between cleaned and uncleaned currants brought into this country from Greece.

Previous to the McKinley Act currants were imported free of duty. Under that act there was levied a duty of 1½ cents per pound. Under the Wilson law the duty remained the same, and under the Dingley law the duty is 2 cents a pound.

The duty of 2 cents per pound is equivalent to an ad valorem duty of from 50 to 90 per cent.

These currants are not raised in this country, but are brought almost exclusively from Greece, the soil of that country being the only soil in which currants can be successfully raised. The currants are brought into this country in barrels. Upon each currant is a little stem, and a great deal of sand and dirt is mixed with the currants, and the same have to be cleaned before they are ready for the market.

If it is deemed best to continue the duty of 2 cents a pound for any reason the most important matter to the American cleaner and manufacturer is the necessity of an increase of duty on cleaned products.

Until within five or six years the currants were all brought into this country uncleaned, but within that period of time the Greeks are cleaning and shipping to this country the finished product, and the great difference between the prices of labor in Greece and in this country makes it essential that the Americans should have additional protection.

It is estimated that the cost of cleaning currants in this country, together with the cost of cartons and the cases for packing, makes the element of labor involved an item of importance.

When the currants are cleaned in this country, they are cleaned by men or women earning from \$1.50 to \$2.50 a day, while in Greece our information is that the work is done by girls at about 25 cents a day. When they are cleaned and placed in packages here, American cardboard manufacturers make the cartons, American printers do the printing, and American mills make the cases, whereas when the cleaned product comes from Greece directly, all of these things are done in Greece.

We therefore would urge the importance of levying a duty of at least one-half cent per pound for cleaned currants over and above whatever duty may be imposed upon the uncleaned product.

Formerly no currants were cleaned in Greece, but American skill and ingenuity devised machines for cleaning the currants with such efficiency that, as has been suggested, the Greeks themselves are now using the cleaning machines and are turning out the finished product, and if this competition can not in some way be stopped, or equalized, American producers of the finished currant product must inevitably suffer.

Prior to seventeen or eighteen years ago currants prepared for the consumer were unknown as an article of commerce in the United States. About that long ago the process of cleaning currants was inaugurated here, and since then has developed a large industry, employing large capital and giving employment to many people, and at this time nearly the entire importation of currants reaches the consumer cleaned and packed in cartons. In very recent years Greek merchants have discovered the success of this manner of marketing currants and are imitating the American process. They have established connections in this country and have entered into active com-

petition with American operators. They obviously have an advantage, unless there be a differential established that will place the American operators on a parity with them.

The American is at a disadvantage, first, because he must pay duty on the dirt that is invariably present in currants imported in original condition, and which varies from 3 to 10 per cent, average about 5 per cent.

Second. Because of the difference in prices of labor employed in cleaning and packing.

Third. Because of the difference in prices of labor employed in the manufacture of cases and the cartons in which the currants are packed.

It would seem reasonable that the currant-cleaning industry should be put on a parity with its foreign competitors by the additional duty of one-half cent per pound on the product ready for the consumer.

Mr. ALDRICH. I will examine it afterwards.

The VICE-PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Ohio.

The amendment was agreed to.

Mr. OVERMAN. I offer an amendment. I do not care to debate it.

The VICE-PRESIDENT. The Secretary will read the amendment.

The SECRETARY. It is proposed to insert the following as a new section, to be numbered 4½, on page 326:

That whenever the President of the United States shall be satisfied that any company, combination, monopoly, or trust is producing or controlling more than 50 per cent of any product consumed in the United States, and is so organized, managed, and controlled that any of its products, articles, goods, wares, and merchandise is exported and sold by it, or by and through its agents, in a foreign market at a less price than they are sold in the home market; and that the price at which said products, articles, goods, wares, and merchandise is sold in the United States, or the home market, is unreasonable or extortionate, he is hereby authorized and directed to suspend by proclamation to that effect, in whole or in part, the collection of custom duties or taxes on any products, articles, goods, wares, and merchandise of a like character which may be imported into this country for such a period of time as the President may deem proper.

Mr. OVERMAN. Mr. President, I wish to say that if it is true, as claimed by Senators on the other side, that the products of the trusts are not sold at extortionate and unreasonable prices in this country, this amendment will do no good; but if they are, as we claim, sold at unreasonable and extortionate prices, and sold cheaper in foreign countries than sold in this country, it will give the relief sought for.

Mr. ALDRICH. I move to lay the amendment on the table.

Mr. OVERMAN. On that I ask for the yeas and nays.

The yeas and nays were not ordered.

The VICE-PRESIDENT. The question is on the motion to lay the amendment on the table.

The motion was agreed to.

Mr. JONES. I desire to offer an amendment.

The VICE-PRESIDENT. The Secretary will read the amendment.

The SECRETARY. It is proposed to insert a new paragraph in the bill, to be known as 17½, as follows:

Ores containing arsenic, 1½ cents per pound on the arsenic contained therein; white arsenic or arsenious acid, 2 cents per pound.

Mr. JONES. Mr. President, I desire to say that while arsenic is on the free list and has been for some time, it seems to me that the conditions in this country will warrant placing it on the dutiable list from a protective standpoint.

I will not take the time of the Senate except merely to mention that in the Geological Survey report it is stated that there is enough arsenic going out through the fumes of the smokestacks of the smelters in Butte, Mont., to supply the entire market in this country. We have a good many mines in different parts of the country that have worked intermittently from time to time, but on account of the reduced price they have had to stop. In the State of Washington we have a smelter that runs once in a while, but it has not been running for the last two or three years. Four or five years ago it produced three or four hundred tons of arsenic. As a result, the price went down. The imports into the country range about 10,000,000 pounds, and the production is only about 1,700 tons, running as low as 36 tons.

There is some objection to this because, it is contended, it is likely to raise the price. I wish to call the attention of the Senate to the range of prices under free trade. In 1901 the price in New York was 3½ to 4½ cents a pound; in 1902 it was from nearly 3 cents to 3½ cents; in 1903 it was 3 to 3½ cents; in 1906 it was 4½ cents; in 1907 it was from 5 to 8 cents a pound.

The records show that when we have produced arsenic by mining it in this country and have refined it, the price has come down; but when they stopped doing it, then the price has

gone up. So, in my judgment, if we can place on the small duty that will encourage the development of the resources in the product actually going to waste in this country, instead of raising the price, we will have a stable price and one less than the foreigner gets when our smelters are closed. He puts the price down for a time, but as soon as the smelter closes he puts the price up, and instead of our people getting arsenic cheaper they have to pay more for it.

I am not going to take the time of the Senate to go into the matter further. I trust that the chairman of the committee will feel justified at least in allowing this provision to go in the bill and give it consideration in conference in view of the facts presented.

I ask to place in the RECORD a table showing the imports from year to year; a statement showing the various prices; a statement from Joseph Struthers, in 1903, of the Geological Department, showing a foreign combination to control prices; and also the report of the Geological Survey, showing the extent to which one of the great resources of our country is going to waste.

The VICE-PRESIDENT. Without objection, permission will be granted.

The matter referred to is as follows:

PRODUCTION.

The United States daily pours great quantities of arsenic fumes from its smelter stacks, thus wasting thousands of tons yearly. And yet, with such an incessant waste, this country imported in 1906 more than 8,000,000 pounds of arsenic and arsenic compounds, at a cost of approximately \$375,000. During the same time there was produced in this country only a little more than one-sixth of the quantity imported, valued at but \$63,460.

Arsenic ores, especially arsenopyrite or mispickel, are widely distributed, particularly in the granitic and highly metamorphosed rocks. Ores of tin, copper, and antimony are frequently accompanied by arsenical ores. The most common are arsenopyrite or mispickel, a sulpharsenide of iron, containing 46 per cent of arsenic; realgar, the red sulphide, containing 70.1 per cent of arsenic; orpiment, the yellow sulphide, containing 61 per cent of arsenic; and enargite, a sulpharsenate of copper, containing 19.1 per cent of arsenic.

The principal countries producing arsenic ores are France, Germany, England, Turkey, Portugal, Spain, Canada, and the United States.

It is surprising that the United States, having extensive deposits of arsenical ores and being the leading consumer in the world, should be dependent for its supplies of arsenic and arsenical compounds largely upon England, Germany, Spain, and Canada. The United States utilizes over half of the world's production of metallic arsenic, white arsenic (arsenious acid), and arsenic sulphides (orpiment and realgar). Another anomaly is the waste by burial in this country every year of several hundred tons of arsenic sulphide which is obtained in purifying sulphuric acid at chemical manufacturing works. The United States should yield sufficient raw material to manufacture all the arsenic and arsenical compounds it may need, instead of being obliged to make importations.

Few mineral substances are so widely diffused through nature as arsenic.

Enormous quantities of arsenic in fumes continually escape from the smelters of the country, while at present comparatively little arsenic is saved. Harkins and Swain, in "Papers on smelter smoke," state that in August, 1905, from the Washoe smelter, which works exclusively upon Butte copper ores, 59,270 pounds of arsenic trioxide per day were passing through the stack. This is equivalent to 21,633,550 pounds, or 10,817 short tons, per year, and is exclusive of what arsenic trioxide was saved from the flues. At 5 cents per pound, the lowest price for which white arsenic sold during 1907, this product of one year would be valued at \$1,081,700. The waste arsenical fumes at this plant alone amount to more than six times the domestic saving of arsenic trioxide, and to much more than the combined production and imports of arsenic in the United States each year.

At the Butte reduction works and the Great Falls smelter other great quantities of more or less arsenical Butte copper ores are treated, from which no saving of arsenic is known to have been made and from which the losses must be very great.

In Utah both the Bingham and the Tintic copper ores are arsenical, and no saving has as yet been made from them, though immense quantities of ore are smelted.

It is recognized that in handling a low-priced product like arsenic saving can not be carried to extreme refinement without becoming unprofitable. However, arsenic is now being extracted from sulphuric acid in a number of establishments in England, and both products are cheap articles. If even one-half of the arsenic wasted were saved, the market in this country would be glutted. However, without taking account of the possibility of greater demand if there were a greater supply at a somewhat lower price, there will in time probably be some plan devised for the better saving of smelter fumes, through the operation of which it will be unnecessary for this country to import arsenic while so much is continually being wasted.

Production of arsenic, 1901-1907.

Year.	White arsenic.	
	Quantity (short tons).	Value.
1901.....	300	\$18,000
1902.....	1,353	51,180
1903.....	611	36,691
1904.....	36	2,185
1905.....	754	35,210
1906.....	737	63,460
1907.....	1,751	163,000

Imports of arsenic, 1893-1908.

	Pounds.
1893	6,092,377
1894	7,063,442
1895	6,984,273
1896	5,813,387
1897	7,242,004
1898	8,686,681
1899	9,040,871
1900	5,765,559
1901	6,989,668
1902	8,110,898
1903	8,357,661
1904	6,800,235
1905	7,675,088
1906	7,974,000
1907	10,328,000
1908	9,330,843

FOREIGN COMBINATION.

Spanish white arsenic ruled lower than the English brands, due not to inferiority, but to the comparative newness of the brand, which required a concession in price in order to establish its introduction in the New York market. It was reported that in October, 1903, a consolidation, having for its object an advance of prices, had been effected among the largest European manufacturers. That there was good authority for the unconfirmed rumor is attested by the fact that prices for arsenic white (including the Spanish brand) were firmly maintained at $3\frac{1}{2}$ cents per pound during the closing quarter of the year. The European combination, however, did not have sufficient control of the situation in the American market to continue the high price after the close of the year, mainly for the reason that American competitors promptly took advantage of the higher standard of price and placed a considerable quantity of the domestic product on the market. As a natural result the price declined early in the year 1904.

PRICES.

1907. Five to 8 cents in large lots at smelters; $7\frac{1}{2}$ to 8 cents at New York City, closing at end of year $5\frac{1}{2}$ to 6 cents.

1906. Four and three-tenths cents. In New York large lots from 4.5 to 12 cents.

1905. Two and three-fourths to $4\frac{1}{2}$ cents. Prices higher during last part of year by reason of difficulties in mining and scarcity of mispickel.

1904. Three to $3\frac{1}{2}$ cents.

1903. Three to $3\frac{1}{2}$ —mostly 3 cents.

Foreign combination (see 1903, p. 10).

1902. Two and ninety-four one-hundredths to 3.34 cents in New York.

1901. Three and five-tenths to 4.5 cents at New York.

Mr. JONES. I trust the Senate will adopt the amendment.

The VICE-PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. JONES. I presume that this necessitates an amendment on page 215, paragraph 488, to strike out the words "arsenic and" and put the capital "S" in "sulphide." I offer that amendment.

The VICE-PRESIDENT. The amendment will be stated.

The SECRETARY. On page 215, paragraph 408, strike out the words "arsenic and" and begin the word "sulphide" with a capital "S."

The amendment was agreed to.

Mr. BRIGGS. I offer an amendment, which I send to the desk.

The VICE-PRESIDENT. The Secretary will read the amendment.

The SECRETARY. On page 3, line 4, after the word "acid," strike out "five" and insert "ten," so as to read:

Salicylic acid, 10 cents per pound.

Mr. BRIGGS. The duty under the present law on this article is 10 cents a pound. It is proposed to cut this in half. The importations of the article are controlled largely by a syndicate which regulates the prices and requires an agreement to maintain the prices.

The manufacture of this article was commenced in this country in 1895. The price at that time was \$1.21. Immediately after the manufacture was started in this country the price was reduced, and there have been successive reductions until now it is about 30 cents a pound.

Five factories were started after the passage of the Dingley Act, which placed a duty on the article. Owing to the strong competition, three of these concerns have been closed up, and I believe the other two will suspend if the duty is cut in half.

I think the matter is probably one that has not been fully presented to the Finance Committee, and I ask them to allow this amendment to be passed, so as to give the matter further consideration.

The VICE-PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from New Jersey.

The amendment was agreed to.

Mr. BURTON. I offer an amendment which I send to the desk.

The VICE-PRESIDENT. The amendment will be read.

The SECRETARY. On page 39, line 7, strike out "two-tenths" and insert "four-tenths."

Mr. ALDRICH. If the Senator from Ohio will make it three-tenths, I will be willing to accept it.

Mr. BURTON. I fear that is not sufficient.

Mr. ALDRICH. Then I think the committee will have to oppose the amendment.

Mr. BURTON. In order to avoid the exhaustion of the time, I will agree to three-tenths and modify the amendment. May I ask what the Senator from West Virginia [Mr. ELKINS] says about it?

Mr. ELKINS. There are four or five plants in West Virginia interested in this subject. My colleague and myself are willing to accept three-tenths if agreeable to the Senator from Ohio.

Mr. BURTON. It appears to me insufficient. Then I ask unanimous consent to modify my amendment so that "four-tenths" be changed to "three-tenths."

The VICE-PRESIDENT. The Senator has a right to change his amendment. It has not been voted on. The Secretary will read the amendment as modified.

The SECRETARY. On page 39, line 7, strike out "two-tenths" and insert "three-tenths," so as to read:

When galvanized or coated with zinc, spelter, or other metals, or any alloy of those metals, shall pay three-tenths of 1 cent per pound—

And so forth.

The VICE-PRESIDENT. The question is on agreeing to the amendment of the Senator from Ohio.

The amendment was agreed to.

Mr. BURTON. I offer an amendment which I send to the desk.

The VICE-PRESIDENT. The Secretary will read the amendment.

The SECRETARY. In paragraph 526, page 220, after the words "blue clay," strike out the word "in" and insert the words "and Gross-Almerode glass-pot clay, in cases or;" and in line 22, after the word "crucibles," insert the words "and glass-melting pots or tank blocks."

Mr. BURTON. I will state that that puts clay used in the manufacture of glass on the same footing with that which is used in crucibles in the manufacture of iron and steel.

Mr. ALDRICH. There is no objection to the amendment.

The VICE-PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. ALDRICH. In the amendment to paragraph 124, line 11, I move to strike out "two" and insert "three."

The VICE-PRESIDENT. The amendment will be stated.

The SECRETARY. On page 38, line 11, strike out "two" and insert "three," so as to read:

Railway fish plates or splice bars, made of iron or steel, three-tenths of 1 cent per pound.

The VICE-PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BRIGGS. I offer the amendment which I send to the desk.

The VICE-PRESIDENT. The Secretary will report the amendment.

The SECRETARY. Paragraph 183, page 65, line 7, strike out "sheets and strips cut from sheets" and the comma; and in line 8 strike out the period after the word "pound" and insert a comma and add:

Sheets, strips, and wire, 35 per cent ad valorem.

Mr. ALDRICH. That is a little too complicated, I think. It changes too many things.

Mr. BRIGGS. It is simply the paragraph as it stands now. It places on the finished product—the strips and sheets and fine wire which are usually used in electrical instruments—the same duty as on pigs and ingots.

Mr. ALDRICH. I ask that the amendment be read again.

The Secretary again read the amendment.

Mr. ALDRICH. It is all right. The committee accept it.

The VICE-PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. WARREN. I have a letter from Edward Bedloe, together with a petition signed by prominent physicians of Philadelphia and elsewhere, in favor of a removal of the duty on Tansan mineral water. I ask that the communication and accompanying petition be printed as a document (S. Doc. No. 124).

The VICE-PRESIDENT. Without objection, the request will be complied with.

Mr. SMOOT. I ask that section 15 of the bill be reconsidered, and that on line 23 the words "or dealer in" be added.

The VICE-PRESIDENT. Without objection, section 15 will be reconsidered. The Secretary will report the amendment.

The SECRETARY. On page 7 of the printed amendment relative to tobacco, section 15, line 23, after the words "manufac-

turer of," insert "or dealer in" so as to read, "by any manufacturer of or dealer in tobacco."

The amendment was agreed to.

Mr. SMOOT. The amendment as amended should be agreed to.

The VICE-PRESIDENT. The amendment as amended is agreed to.

Mr. BULKELEY. I desire to offer an amendment.

The VICE-PRESIDENT. The Secretary will read the amendment offered by the Senator from Connecticut.

The SECRETARY. In paragraph 423, page 184, after the words "ad valorem," at the end of the paragraph, insert the words "buttons of metal, embossed in a design, device, pattern, or lettering, 45 per cent ad valorem."

Mr. ALDRICH. That amendment is in conference. The Senate has already acted upon it once. I think that that ought not to be done now.

Mr. BULKELEY. I do not think that that amendment has been proposed here.

Mr. ALDRICH. The Senate has voted on that proposed amendment.

Mr. BULKELEY. It was in the bill as it came from the House.

Mr. ALDRICH. And was stricken out of the House bill by a vote of the Senate.

Mr. BULKELEY. This paragraph has been agreed to as amended, and the amendment is in order.

Mr. ALDRICH. I think the amendment is not in order, the Senate having already acted upon it.

Mr. BULKELEY. I understood that amendments were in order at this time to any part of the bill.

Mr. ALDRICH. No.

Mr. BULKELEY. I will state, Mr. President, that this is simply to give to the manufacturers of buttons for the army and navy in this country the privilege of making them and not to come in competition with the foreign manufacturers of buttons for the use of the army and navy here.

The VICE-PRESIDENT. The Chair must sustain the point of order raised against the amendment by the Senator from Rhode Island [Mr. ALDRICH].

Mr. BRISTOW. Mr. President, lest we forget, I want to submit an amendment here in regard to the sugar schedule, paragraph 213, page 79. I submit the amendment which I send to the desk, and ask that it be read.

The VICE-PRESIDENT. The amendment proposed by the Senator from Kansas will be stated.

The SECRETARY. In paragraph 213, page 79, in lines 2 and 3, it is proposed to strike out the words "not above No. 16 Dutch standard in color;" in lines 9 and 10, to strike out the words "and on sugar above No. 16 Dutch standard in color;" and in line 11, after the word "refining," to insert "or bleaching by any chemical processes."

Mr. BRISTOW. Mr. President, I should like to have the attention of the Finance Committee, if I can have it.

The VICE-PRESIDENT. The Senate will please be in order.

Mr. BRISTOW. I think I shall remove the difficulty they had on this question when the sugar schedule was before the Senate. I then endeavored to have the Dutch standard provision stricken out. It was alleged that in that event the raw sugar of a low polariscopic test would be brought in bleached by a chemical process, so as to be whitened and dried out so as to appear like granulated sugar, and thereby be put upon the American market as a fraudulent refined sugar. Now, in order to prevent that, I have moved to insert in line 11, the chairman of the Committee on Finance will notice, that sugar that is bleached by any chemical process shall carry the same duty as refined sugar; so that any sugar that might be bleached would carry the full duty of refined sugar, and the Dutch standard can thereby be removed without any danger of the American market being flooded with sugar that has been colored by a chemical process, so as to appear to be refined.

It will permit the people to get the light-brown sugar, that they were able to get formerly, without paying for the cost of refining, if they do not want to pay for it; and the American people will then be able to buy any grade of sugar that they desire.

Mr. President, it is not my purpose to take any great time. I simply want to repeat here that the only parties who benefit by this provision are the sugar trust; and the danger of raw sugars becoming competitors with beet-sugar factories or beet sugar is removed by this insertion, requiring the duty on all bleached sugar to be the same as on the refined sugar. I should be very much pleased if the chairman of the Committee on Finance could accept that amendment. I see he is waiting to

move to lay the amendment on the table, as he does not respond to my request.

Mr. ALDRICH. It is my purpose, whenever the Senator from Kansas is through with his remarks, to move to lay the amendment on the table.

Mr. BRISTOW. I should like to know—

Mr. DOLLIVER rose.

Mr. ALDRICH. If the Senator from Kansas is through, I will make the motion; but if the Senator from Iowa [Mr. DOLLIVER] desires to make some remarks, I will yield to him.

Mr. BRISTOW. I will yield to the Senator from Iowa.

Mr. ALDRICH. That is a little too roundabout for me. I think I addressed the Chair. But I am quite willing—

The VICE-PRESIDENT. The Senator from Kansas [Mr. BRISTOW] has not yet yielded the floor.

Mr. ALDRICH. Whenever the Senator does yield the floor, I desire to be recognized, and then I shall yield to the Senator from Iowa.

Mr. BRISTOW. Let me inquire of the Senator from Rhode Island what is his objection to accepting my suggestion?

Mr. ALDRICH. I expressed my objections to the other plan when this matter was before the Senate some time ago, and I have the same objection to this.

Mr. BRISTOW. The objection then expressed by the Senator from Rhode Island [Mr. ALDRICH] and the Senator from Utah [Mr. SMOOT] was that it would permit a coarse raw sugar that is bleached to come in, so that it would be, in fact, fraudulent.

Mr. ALDRICH. There are a hundred different ways in which the brown color can be taken out of sugar besides bleaching. It can be washed out, or removed in other ways.

Mr. BRISTOW. I should like to inquire in what other way it can be done except by filtration or centrifugal refining or chemical bleaching?

Mr. ALDRICH. I do not desire to extend this discussion. Therefore I will postpone the catechism until some later day, if the Senator from Kansas does not mind.

Mr. BRISTOW. Of course, if the Senator refuses to be catechized I shall have to submit, though I feel that the Senator ought to respond to a proposition that is as fair as this. It removes any possibility of putting upon the American market a chemically bleached sugar in competition with the beet sugar or the cane sugar. I put in this provision so that there might be no hesitancy on the part of anyone who is interested in a beet-sugar plant, that is not controlled by the American Sugar Refining Company, or that anyone who is interested in protecting the American market from a chemically bleached sugar, might vote for this amendment, without in any way endangering the beet-sugar industry in the United States, and, at the same time, give the consumers of sugar in this country an opportunity to get a brown sugar without any impediment of legislation other than the straight duty.

Mr. ALDRICH. Mr. President, I am about to make the motion to lay the amendment on the table, but I withhold the motion until the Senator from Iowa [Mr. DOLLIVER] addresses the Senate.

Mr. DOLLIVER. Mr. President, I only desire to occupy a moment or two, merely for the purpose of putting into the Record a statement of the reasons that have led me to believe that no really worthy industrial interest would suffer by the elimination of the language suggested by the Senator from Kansas [Mr. BRISTOW].

It has seemed impossible for Congress to take any action in which the sugar production of the country is concerned without incidentally increasing the profits of the Sugar Refining Company. Even the development of the beet-sugar industry, which we have looked forward to so hopefully, has operated to create new defense of the refining interest. Our benevolent policy toward the tropical islands which came within our jurisdiction under the treaty of Paris and the act of Congress annexing Hawaii have worked to the advantage of the sugar importers more effectively than they have to the advantage of Porto Rico and Cuba and our islands in the Pacific. Curiously enough, the remission of these sugar duties, amounting in the aggregate to millions of dollars, has not been accompanied by any intelligent effort to restate the differential, established years ago for the protection of the refining industry in the United States; and so it happens that the differential, which was reasonable before the Spanish war, or, at least, not seriously out of the way, has become dislocated and excessive when made applicable to the new conditions growing out of subsequent legislation.

I do not think that in this revision of the tariff Congress should omit altogether the duty of reducing the refiner's protective differential, at least in the same measure in which it

has been indirectly increased through our legislation affecting the commerce of our tropical islands. A short, simple, and effective way to do this is to make the sugar duties dependent upon the polariscope test of the sugar contents of imported cargoes, without reference to any commercial standards of color. The real differential should be measured by the difference in the duties placed upon raw sugars and those placed upon refined sugar, according to their saccharine potency, as shown by the polariscope, without any reference to their color. If the phrase by which a particular standard of color is fixed is meant to describe refined sugar, it might do no harm to leave it in the tariff law, although in that case it would be superfluous; but if it is our intention to limit the refiner's protection to the real difference between the rates of duty on raw sugar and the rates of duty on refined, the color standard should be eliminated, for the reason that the effect of setting up such standard, whatever the purpose of Congress may be, is to increase the differential by limiting the importation of raw sugars to those which are below the standard fixed. In other words, by reason of this color standard, the differential intended by Congress of 12½ cents a hundred pounds—that is to say, the difference between sugar of 100°, paying \$1.82½, and refined sugar, or sugars above the standard fixed, paying \$1.95—is increased to a differential of 26½ cents by limiting the importation of raw sugar to such as will test 96°, on which the duty is \$1.68½ per hundred pounds. If the artificial color standard is eliminated, sugar testing 97° or 98° would be imported, and the Government would receive from 3½ cents to 7 cents per pound additional revenue, while the sugar refiner would receive from 3½ to 7 cents less differential.

To this plain statement of facts no answer has been made in this Chamber, except a feeble exhibition of inferior sugar, bleached to a color approaching white by a chemical process. While it requires a very credulous ear to seriously entertain such an argument, I am glad that the Senator from Kansas has removed that aspect of the matter entirely from the discussion in the amendment which he now proposes, in which the words "or bleaching by any chemical process" are added after the word "refining," in line 11, on page 19, of the Senate bill.

Mr. LA FOLLETTE. Mr. President—

Mr. ALDRICH. I withhold the motion to lay on the table for a moment.

Mr. LA FOLLETTE. I only desire to say a word on the amendment before it is finally disposed of.

Mr. ALDRICH. Certainly; I withhold the motion.

Mr. LA FOLLETTE. I know that Senators representing States where the beet-sugar industry has already been established have been apprehensive about the abolition of the Dutch standard. I received a communication only a few days ago from the president of one of the largest beet-sugar factories in Wisconsin. I thought I could place my hand on it, and I intended to offer it for the consideration of the Senate in connection with this amendment. I am, however, not able to do so, as I do not find it among the papers which I have here; but its contents I remember very well, Mr. President. Mr. Magnus Swenson, the writer of the letter, for twenty years has been one of the most original and progressive investigators of this subject in the world. He knows sugar; not only beet but cane sugar, and sugar made from northern cane, called "sorghum." He has made a great and honored name for himself. In the letter he sent to me he said the abolition of the Dutch standard would in no way work any harm to the beet-sugar industries of this country.

I felt it incumbent upon me to make that statement in connection with the pending amendment.

Mr. SMOOT. Mr. President, I feel that it would be very inappropriate for me to make any extended remarks at this time, but I wish to take issue with the statement that was made by the Senator from Wisconsin [Mr. LA FOLLETTE], for I can not conceive of anything more dangerous to the beet-sugar industry interests of this country than to eliminate the No. 16 Dutch standard.

I have a mass of information before me, Mr. President, and if I had time I would go into the matter in detail. Take the amendment offered by the Senator from Kansas [Mr. BRISTOW], incorporating the words "or bleaching by any chemical process." If you eliminate the "Dutch standard" and substitute "bleaching," you come back to the matter of color, but without an established gauge of color; for bleaching is whitening secured by the use of sulphur, strontium, or other substances, and who is to determine the amount which can be used before the sugar shall be declared "bleached sugar?" Then how can it be determined how much bleaching material has been used, except each cargo be traced to its origin? And that is an all but impossible undertaking.

Take the question of washing sugar. I have here [exhibiting] a sample of sugar that Doctor Moore, of the appraiser's office, New York, tested for me, that only tests 91.3 per cent, and yet it is whiter than No. 16 Dutch standard. The Senator from Iowa [Mr. DOLLIVER] said that we would be the gainer by allowing 97 or 98 per cent sugar to enter our ports according to their saccharine strength as shown by the polariscope, without regard to their color, even if it were darker than No. 16 Dutch standard. Think of the millions of dollars that we should lose by having such sugar as this 90.3 per cent come into the country if the Dutch standard were eliminated on the basis of saccharine contents.

Under the present tariff law, 96° sugar pays a duty of \$1.68½ per 100 pounds, while sugar above No. 16 Dutch standard of color and refined sugar pays a duty of \$1.95; hence it has been claimed that the so-called "refiners' differential" is the difference, or 26½ cents per 100 pounds, instead of 12½ cents, the difference between \$1.82½ on 100° unrefined sugar and \$1.95 on refined.

Under the proposed law this difference between the duty on refined sugar and 96° sugar is reduced 5 cents, or to 21½ cents per 100 pounds. It is a mistake to call this 21½ cents the refiners' differential because of the fact that it takes more than 100 pounds of raw sugar to make 100 pounds of refined sugar. The amount of this loss, as shown by the testimony of all refiners before the Ways and Means Committee, is 14 cents per 100 pounds. This leaves 7½ cents as the true refiners' differential under the proposed law, as compared with 12½ cents under the present law—a reduction of 40 per cent in the amount of protection accorded the refiners.

The terms "refined sugar" and "above No. 16 Dutch standard of color," as used in our tariff bill, are meant to be synonymous as describing a "raw material" and a "finished product."

The whole contention of those who advocate the removal of the color restriction from this schedule is that a "finished product," ready for "direct consumption" can enter our ports by paying only the duty prescribed for a "raw product." They miss the whole purpose and intent of the theory of every schedule of the bill, which is to levy a higher duty on a "finished product" than on a "raw product," in order that the manufacturers of a "finished product," as well as the manufacturers of a "raw product," may be accorded a due measure of protection. All of our beet-sugar factories turn out a "finished product" for direct consumption, and this color restriction is for their protection primarily, rather than for the protection of our seaboard refineries.

For years we have been building up a home sugar industry, which makes sugar instead of merely refining an imported raw material. The duty on the raw product protects our farmers, who are producers of the raw material, while the duty on the finished product protects the beet-sugar manufacturers, and incidentally the seaboard refiners. With a duty on the finished product and no duty on the raw product, the latter would be furnished by tropical and European planters, whose labor is cheap, instead of by American farmers, whose labor is dear. On the other hand, unless we afford a full measure of protection to the finished product—be it refined sugar or washed unrefined sugar for direct consumption—of our beet-sugar factories, they will cease to operate, and the farmers will have no market for their beets.

All beet-sugar producers are refiners, making a finished product for the market. Their protection lies in keeping out all semirefined or bleached sugars testing above No. 16 Dutch standard which can go into direct consumption, and unless these sugars pay the full duty of \$1.90 it will give their foreign competitors an advantage over them not intended by Congress.

McKinley, Wilson, Dingley, and PAYNE, as well as the chairman of this committee, have always taken this view and approved the combination polariscopic and Dutch-standard test. Why abandon this satisfactory standard at the behest of foreign sugar producers wishing to evade our custom-houses and destroy the protection to home industry, namely, a duty of \$1.90, which is the protection intended by Congress for the beet-sugar industry, which can market but one grade of sugar, which is refined granulated?

Let the foreigners understand once for all that they must make a grade of sugar fully refined, of value equal to our home beet sugars, and pay the full amount of duty.

Mr. ALDRICH. I now move to lay the amendment on the table.

The VICE-PRESIDENT. The Senator from Rhode Island moves to lay the amendment on the table.

Mr. BRISTOW. On that I ask for the yeas and nays.

The yeas and nays were not ordered.

The VICE-PRESIDENT. The question is on the motion of the Senator from Rhode Island to lay on the table the amendment of the Senator from Kansas [Mr. BRISTOW].

The motion was agreed to.

Mr. LODGE. Mr. President, we made a change yesterday in the Philippine paragraph which necessitates a further change which I did not see at the time. I move to amend, on page 209 of the new bill, line 6, after the word "Provided," by striking out the first proviso down to the word "condition," in line 10. I move to strike out the whole proviso and insert the proviso that I send to the desk.

The VICE-PRESIDENT. The Secretary will report the amendment offered by the Senator from Massachusetts.

The SECRETARY. On page 209, in line 6, after the word "Provided," strike out the proviso down to and including the word "condition," in line 10, and insert:

That direct shipments shall include shipments in bond through foreign territory contiguous to the United States.

The VICE-PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. LODGE. Mr. President, I have one further amendment, to make the language consistent. In line 23 I move to strike out the words "upon through bills of lading" and insert "as hereinbefore provided."

The VICE-PRESIDENT. The Senator from Massachusetts offers a further amendment, which the Secretary will report.

The SECRETARY. On page 209, in line 23, strike out the words "upon through bills of lading" and insert in lieu thereof "as hereinbefore provided."

The VICE-PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Massachusetts.

The amendment was agreed to.

Mr. ALDRICH. Mr. President, I desire, in behalf of the committee, to insert a new paragraph, it having been stricken from the free list and not inserted in the dutiable list.

The VICE-PRESIDENT. The Senator from Rhode Island offers the amendment which the Secretary will report.

The SECRETARY. Insert a new paragraph in the bill, to be known as "paragraph 27½:"

Licorice, extracts of, in paste, rolls, or other forms, 2½ cents per pound.

The VICE-PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Rhode Island.

The amendment was agreed to.

Mr. PERKINS. Mr. President, I desire to present the amendment which I send to the desk.

The VICE-PRESIDENT. The Senator from California offers an amendment, which the Secretary will report.

The SECRETARY. On page 11, add after line 6 a new section, to be numbered "36½," as follows:

Orange oil, 50 per cent ad valorem.

The VICE-PRESIDENT. The question is on agreeing to the amendment offered by the Senator from California.

The amendment was agreed to.

Mr. BACON. Mr. President, I offer an amendment, which I send to the desk.

The VICE-PRESIDENT. The Secretary will report the amendment offered by the Senator from Georgia.

The SECRETARY. Strike out paragraph 123 and add a new paragraph to the free list, to be known as "paragraph 583½," as follows:

Hoop or band iron, or hoop or band steel, cut to lengths, or wholly or partly manufactured into hoops or ties, coated or not coated with paints or any other preparation, with or without buckles or fastenings, for baling cotton or any other commodity.

Mr. ALDRICH. Mr. President, unless the Senator from Georgia desires to make some remarks—

Mr. BACON. No; I simply wish to say that this matter has been fully discussed. The proposition is to put cotton ties on the free list; that is all.

Mr. ALDRICH. I move to lay the amendment on the table.

Mr. BACON. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. DILLINGHAM (when his name was called). Owing to the absence of the senior Senator from South Carolina [Mr. TILLMAN], I withhold my vote.

Mr. GUGGENHEIM (when his name was called). I again announce my general pair.

Mr. LODGE (when his name was called). I again announce my pair with the Senator from Georgia [Mr. CLAY]. If he were present, I should vote "yea," and he would vote "nay."

Mr. GORE (when Mr. OWEN's name was called). If my colleague [Mr. OWEN] were present, he would vote "nay."

Mr. ROOT (when his name was called). On account of my pair with the Senator from Maryland [Mr. RAYNER], as heretofore announced, I withhold my vote.

The roll call was concluded.

Mr. CULBERSON. The Senator from Arkansas [Mr. DAVIS] is paired with the Senator from Illinois [Mr. CULLOM]. If the Senator from Arkansas were present, he would vote "nay."

The result was announced—yeas 43, nays 31, as follows:

YEAS—43.

Aldrich	Carter	Gamble	Perkins
Borah	Clark, Wyo.	Hale	Piles
Bourne	Crane	Heyburn	Scott
Bradley	Depew	Jones	Smith, Mich.
Brandegee	Dick	Kean	Smoot
Briggs	Dixon	Lorimer	Stephenson
Bulkeley	du Pont	McCumber	Sutherland
Burkett	Elkins	Nixon	Warner
Burnham	Flint	Oliyer	Warren
Burrows	Frye	Page	Wetmore
Burton	Gallinger	Penrose	

NAYS—31.

Bacon	Cummins	Johnston, Ala.	Overman
Bailey	Daniel	La Follette	Shively
Bankhead	Fletcher	McEnery	Simmons
Bristow	Foster	McLaurin	Smith, S. C.
Chamberlain	Frazier	Martin	Stone
Clapp	Gore	Money	Tallaferro
Crawford	Hughes	Nelson	Taylor
Culbertson	Johnson, N. Dak.	Newlands	

NOT VOTING—18.

Beveridge	Curtis	Lodge	Root
Brown	Davis	Owen	Smith, Md.
Clarke, Ark.	Dillingham	Paynter	Tillman
Clay	Dolliver	Rayner	
Cullom	Guggenheim	Richardson	

So Mr. BACON's amendment was laid on the table.

Mr. DICK. I offer the amendment I send to the desk.

The VICE-PRESIDENT. The Secretary will report the amendment offered by the Senator from Ohio.

The SECRETARY. On page 182, in paragraph 419, strike out the entire paragraph and insert in lieu thereof the following:

419. (a) Toilet brushes, household and mechanical brushes, either hand drawn or where the brush materials are cemented in or anchored by any mechanical process, or held in bored blocks by any style of anchor, 50 per cent ad valorem.

(b) Pan or cement process brushes, as shaving, paint, and artist brushes, and hair pencils in quills or otherwise, and feather and wool dusters of all kinds, 40 per cent ad valorem.

(c) Brooms, of all kinds, made from broom corn, 25 per cent ad valorem.

Mr. DICK. This amendment seeks to classify the articles which come in under this paragraph.

In the present law and in this bill brooms of the coarsest construction and toilet brushes of the finest make are dutiable at the same rate. That is not the only incongruity. Although the production of brooms in this country aggregates eleven millions annually, the importations are about \$2,000 worth; while of toilet brushes the importations now exceed a million and a half dollars, and the increase goes on with each recurring month.

In the amendment which I have sent to the desk we do not disturb the rates on paint brushes and brushes of that character. The importations in that line are immaterial, and therefore there is no reason for disturbing them. The rate on brooms is cut from 40 to 25 per cent, which can not injure the industry, since there are no importations.

But the brush industry is one the ramifications of which extend into every State in the Union. There is no trust, no combination, but the most persistent competition. Every feature of brush making—the handle, the bristle, the wire, the boxing; every feature—is taxed or has a tariff levied against it.

In the present bill, I think with a single exception, there are no reductions in any of these parts, as they might be called, or elements in brush making, and there has been a distinct advance on the fiber which is being used in lieu of bristles.

The greatest competitor, or the one to be most feared, is the Japanese brush maker. Importations have grown from \$660 worth in 1890 until they now reach a half million dollars; and the brush industry, without some help, is in serious danger.

The request for an increase of only 10 per cent, it seems to me, ought to be conceded to an industry which is so important and which ought to be entirely with our own people.

I know there has been a very general objection on the part of importers, but the brush industry is here asking, not for generous treatment, but for enough to save it from destruction by the foreign producer, and especially the Oriental.

The domestic manufactures of brooms and brushes amount to \$21,100,000 annually. The amendment proposed, I repeat, is primarily for the segregation of brooms from brushes, and thereby to supply separate brush and broom schedules. The object is to separate articles having no relation in common, for

by reason of the single schedule of the past, misleading and erroneous statistics as to domestic manufacture and imports, have had a controlling influence. This works great injury to the toilet-brush manufacturers. It is not regarded proper in making schedules to include dissimilar articles in a single paragraph, as, for instance, hats and also shoes; and, so long as toilet brushes and broom-corn brooms are in one paragraph, the incongruity is fully apparent.

The raising of broom corn is an important industry. It grows as does hay or fodder in the field. Brushes are the product largely of the bristle of the domestic pig, and of the wild hog of the countries of Siberia, India, China, France, and Germany; and the woods used are the timbers of the United States, South Africa, South America, and Mexico.

The importers are protesting against the proposed amendment. They use the improperly associated brush and broom statistics as showing comparison of the imports of brushes, and that includes all kinds, for 1908, \$1,681,640, as being 10 per cent of the domestic product of the brush manufacturers, but in reality it is the output of the broom factories, \$11,000,000, plus every variety of brushes produced, \$10,000,000. No more misleading or unfair statement could be made to the United States Senate, nor could greater unfairness be exhibited toward the toilet-brush manufacturers, for, under the adverse tariff conditions, they only produce in this country \$3,500,000 in toilet brushes annually out of gross brush production of every variety of \$10,000,000. Hence relief is asked for toilet-brush makers by providing separate paragraphs in this substitution for paragraph 419. The substitute:

(a) Toilet brushes, household and mechanical brushes, either hand drawn or where the brush materials are cemented in or anchored by any mechanical process or held in bored blocks by any style of anchor, 50 per cent ad valorem.

(b) Pan or cement process brushes, as shaving, paint, and artist brushes, and hair pencils in quills or otherwise, feather and wool dusters of all kinds, 40 per cent ad valorem.

(c) Brooms made of broom corn, all kinds, 25 per cent ad valorem.

In the briefs filed at the tariff hearing before the Ways and Means Committee it was admittedly stated that 75 per cent to 90 per cent of all the brush imports are of the toilet-brush classification and as indicated in paragraph "a" of the above amendment. Thus it is demonstrated the toilet brushes imported are abnormally out of harmony, as shown in comparison with the general imports of all the merchandise of the United States.

Brush importations, 1909.....	\$1,681,640
Additional duty imposed, 40 per cent.....	672,665
Total value brush imports.....	2,354,305

Brush and broom manufactures of the United States are divisible as follows:

A. Toilet brushes (toilet-brush imports equal 75 per cent of all brush imports or \$1,765,721, or 50 per cent of domestic manufacture of toilet brushes).....	3,500,000
B. Paint brushes, domestic only (the imports of this class equal only 25 per cent, or \$588,576. Of exports, 90 per cent are of this class).....	6,500,000
C. Brooms, domestic manufacture (only \$2,065 in brooms are imported).....	11,100,000
Total.....	21,100,000

Thus it is shown that the toilet-brush industry bears the burden of the importation of all the associated items under the old schedule. (There are substantially to-day no exports of toilet brushes, all statements in singular and in general of importers to the contrary notwithstanding. Exports of brushes are of the Class B, or paint brushes. For full details of which see Tariff Hearings, volume 6, pages 6448 to 6452.)

To summarize the movements of brushes between the United States and foreign countries, 1890 and 1907, we say, first:

Brushes—mostly toilet brushes—increased in imports, in annual percentage, 120 per cent, while the total shown of all merchandise increase is but 42 per cent. With this abnormal showing, and which, it must be understood, is mostly toilet brushes, is the justification of the amendment asking an ad valorem rate of 60 per cent instead of 40 per cent.

The domestic toilet brushes, in price, have lowered from the year 1890 until to-day, so that as good an article is bought now, a toilet hair brush, for 10 cents as sold in 1890—the brush being all bristle, too—for the sum of 25 cents; and be it understood that as good brushes are now daily produced in the United States as are made anywhere else in the world. This is a statement of fact in contradiction to the claims made by importer.

The commercial designation of brushes is broadly divisible in the two family groups as provided in the amendments "a" and "b." Broom-corn brooms do not belong in either class. They are made of unlike materials, by different processes, and are not items of international commerce. For all purposes of tariff relation they must be entirely segregated from brushes,

and are entitled to be included in a paragraph by themselves. In the manufacture of brushes, group "a," toilet goods, some of the most intricate machinery is utilized known in all the manufacturing industrial arts. Single factory equipments in the United States have exceeded in cost hundreds of thousands of dollars, and, contrary to the contention of importers, they are not protected by any valuable patents. Highly experienced tool makers and skilled machinists keep such machines in perfect working condition. Skilled men and skilled women operate these machines. Seventy-five per cent of all imports of brushes are toilet brushes, such as indicated under group "a." The intricate brush machinery before mentioned was introduced at great expense, and insured labor-saving conditions to enable home factories to meet foreign cheap labor and to further lessen the cost of manufacture and the selling price. To-day the world makes no better brushes; still importations increase in volume. The toilet-brush goods carry this burden, and out of the percentage two other industries protected by the tariff act.

Foreign brush makers' wages, all statisticians agree, are the lowest in the wage scale of human employment. The reason for this must now be understood, and it is a condition confronting the underlying fabric of our American industrial existence. The foreigners are utilizing the world's best machinery, tools, and inventions, notably Japan, dually cooperating in such use the cheapest human power and skill. Japan labor works at brush making at 50 cents per day for skilled men, 15 cents for women, and 5 cents for minors, as shown by a November, 1908, Consular Report; and so, with but a 40 per cent duty on toilet brushes, they undersell American brush wares. Such is the unnatural brush competition to-day. The Japanese merchant does not appear to possess that element in national characteristics known as "commercial integrity," for, in dealing with the United States Customs Board of Appraisers, their reports show greater percentage of advances in valuations assessed on Japanese goods than are marked against any other country.

If it is the intention of the tariff-making power to reconstruct the tariff along lines that will exclude unnatural foreign labor competition, commensurate with, but not beyond, what will secure work for our skilled laborer at living wage scales, that will let him enjoy his ambitions, have home and property, instead of looking forward to possible trade extinction, this status must be maintained in contradistinction to the Mongolian laborer, who may be satisfied to live on rice and fish and to wear the poorest garb. In the organized movement of the Orientals for commercial supremacy over the Caucasian countries their success is already notably evidenced in the statistical showing of brush imports here, given out by the Bureau of Statistics. They are mostly toilet brushes. The amounts are indicated by the following table from 1891. The increase is 3,200 per cent, and from \$990 in 1890 to \$437,680 in 1908.

The table, by years, is as follows:

Japanese imports.
[United States Government statistics.]

Year.	Brushes (amount).	All merchandise imports (amount dutiable).
1890.....	\$990	\$2,192,760
1891.....	15,872	3,342,590
1892.....	25,618	3,655,484
1893.....	30,450	5,158,110
1894.....	45,402	4,045,720
1895.....	57,682	6,744,902
1896.....	59,630	5,074,582
1897.....	88,065	5,201,174
1898.....	101,256	5,259,985
1899.....	123,202	11,162,882
1900.....	130,093	12,182,704
1901.....	191,911	13,133,045
1902.....	195,782	15,562,063
1903.....	273,140	15,924,823
1904.....	353,453	12,466,122
1905.....	294,901	14,308,687
1906.....	317,123	16,426,657
1907.....	401,639	18,559,205
1908.....	473,680	16,124,555

Reference is usually had to the European markets as being in competition with the American industries, but the oriental factor, as in toilet-brush imports, will soon develop in other lines. This controlling factor should determine the measure of protection upon the American toilet-brush product. Japan now imports here 20 per cent of all brushes imported and, as stated, they are nearly all of the toilet hairbrush variety, or of the Group A—this great increase in the face of the fact that the first importation noted from Japan was in 1890. Such is the tremendously rapid pace at which the Japanese producers are marching to secure the American market on brushes.

Brushes are sold in nearly every store in every variety of trade, hence the ramifications of distribution and consumption are general.

The importers organized upon learning of the brush amendment now under consideration and undertook a general attack to accomplish its defeat. They operate wholly through selfish motives, and to that end gave out misleading statements by the distribution of circular letters mailed broadcast to the dealers throughout the United States.

These circulars were mailed to the wholesale druggs, hardware, dry goods, barber-supply houses, books and stationery, wooden ware, notions, large catalogue houses, department stores, and jewelry stores. They also circularized a form of letter to be addressed to the chairman of the Finance Committee of the Senate and also a circular form giving seven reasons to be copied into the form of a letter which was to be mailed to United States Senators. I hold a copy of the circular to which I make reference.

I have named in the foregoing statement the suggestions in the protest of the importers. Under the present brush schedule toilet brushes of domestic manufacture only equal an annual output of \$3,500,000, and not \$21,100,000, as given in the statistics for the guidance of Congress. In the latter amount of \$21,000,000, we should include \$6,500,000 paint brushes that are manufactured and classified under the previous paragraph; there should also be included \$11,100,000 of domestic brooms manufactured. Hence the claims of the importers are manifestly improper and wholly wrong. The total of all brush imports for 1908 was \$1,681,640. Add to this 40 per cent ad valorem duty, and we have \$2,354,305. This is mostly toilet brushes. This amount of imports equals 66 per cent of the toilet brushes now annually made in the United States. This manufacture is annually growing less because of improper protection. It is the intention of the amendment to modify this tremendous injustice to the domestic manufacture of toilet brushes.

Domestic production of broom-corn brooms shows by careful estimate to be \$11,100,000, while the government statistics show the imports of brooms to only amount to \$2,005 annually.

The toilet-brush manufacturers do not make 10 cents per dozen under the present tariff rate of 40 per cent. The advance duty of 50 per cent on toilet brushes will only secure a continuance of the present living conditions, and can not by any possible contingency advance the market price to consumers, as is contended by the importers. Under the McKinley and Dingley acts, notwithstanding the duty was raised from 30 per cent to 40 per cent, the trend in the domestic prices of brushes has been continuously downward, until to-day these goods are sold at a reduction of 50 per cent of the sales price of 1890.

The profits, as stated, are but from nothing to \$1.20 per gross on toilet brushes. This fact precludes any possibility of truthfulness of the statement made by a few dealers in writing to their Senators under inspiration of the circular-letter forms of importers that toilet brushes are now sold in Canada and elsewhere at less figures than they are offered in the United States. It would not be possible to reduce the average price of domestic toilet brushes even 5 per cent without threatening bankruptcy to that industry.

To meet the competitive opportunity as thought to be offered by the McKinley Act, a toilet brush manufacturing company in the State of Ohio increased its capital from \$75,000 to \$400,000, and all paid in. Its machinery equipment was augmented by the addition of the best-known processes in use in the United States, England, and France. These utilities accomplish to-day with 300 employees what at that time had required in this country 2,500 people. Here is the result. The selling prices of this factory's output were reduced year by year while the toilet-brush imports developed abnormally year by year. Notwithstanding that this company produces as fine toilet brushes as are made anywhere on earth, the company could not make a living profit on its invested capital; hence the capital stock was reduced by shrinkage and, following such misfortune, by vote of the stockholders, from \$400,000 to \$100,000, and only possible under existing conditions to show a 6 per cent dividend upon the basis of the latter capitalization. It is not making more than 5 cents a dozen net profit on its output. The record of its last fiscal year shows a positive loss. Factories with less advantages can not now live, as is shown by the great number that have discontinued business in recent years. The only thing that will save from annihilation any toilet brush maker is the increased duty proposed on toilet brushes.

Mr. ALDRICH. I feel constrained to move to lay the amendment on the table.

Mr. DICK. Upon that I ask for the yeas and nays.

The yeas and nays were not ordered.

The motion to lay on the table was agreed to.

Mr. JONES. I desire, on page 20, line 22, to strike out "five" and insert "ten."

The VICE-PRESIDENT. The Senator from Washington offers an amendment, which will be stated.

The SECRETARY. On page 20, line 22, strike out "five" and insert "ten," so as to read:

Lime, 10 cents per hundred pounds.

Mr. JONES. I simply desire to say that this equalizes the duty on the coast anywhere between Canada and this country. Their duty amounts to from 20 to 25 cents a barrel. Our duty is 10 cents. The difference in wages in their favor is giving them our market, and our people simply ask that the duty on lime coming from Canada into this country shall be the same as on lime going from our country into theirs.

In this connection I desire to print in the RECORD certain statements.

The VICE-PRESIDENT. Without objection, the statements will be printed in the RECORD.

The statements referred to are as follows:

ROCHE HARBOR, WASH., January 26, 1909.

HON. WESLEY L. JONES,
Washington, D. C.

DEAR SIR: We write to call your attention to an inequality and an injustice to us on import duty on lime. As you know, we are located right upon the British Columbia frontier. The market for lime in British Columbia is very limited, while the market for lime upon this side of the line is very extensive. The manufacturers of lime in British Columbia are able to turn out their product at a very low price by the employment of Chinese labor at about 90 cents per day. One of the manufacturers of lime upon that side told the writer a short time ago that that was what they paid their Chinese laborers. On this side of the line we pay from \$1.75 to \$2.50 per day for white labor. The manufacture of lime is practically a question of labor. You will thus note the great advantage in favor of the British Columbia manufacturers. The present rate of duty on importation of lime to this country is 10 per cent ad valorem. By making a low valuation on their lime on the other side they are able to put it on the markets of Puget Sound at a very low price. They are also able to reach the markets of the Hawaiian Islands by the Canadian Pacific Steamship's line of steamers at a lower rate than ourselves. This is accounted for in the fact that the Canadian Pacific line of steamers makes to them a much lower rate of freight to Hawaii than we are able to get from the Sound by American lines. The difference in rate of freight is more than enough to pay the duty of 10 per cent ad valorem, which thus places us at an actual disadvantage in competition with them in our own American market of Hawaii.

On the other hand, while the market in British Columbia is very limited, the manufacturers upon that side are protected against competition from us by a duty of 20 per cent ad valorem, which is just double the protection afforded us by our tariff here. In addition to that, the customs authorities on that side insist upon calculating the rate of duty upon an arbitrary selling price for our lime on this side without any regard to the actual price at which we sell it or offer it for sale.

These conditions place us at a very great disadvantage, with the result that the British Columbia manufacturers are shipping their product largely into the Hawaiian Islands, the Oregon and the Puget Sound markets in competition with us on a basis of lower cost of labor in production, while we are shut out of their markets by a protective law. We have no complaint to make of their law, if they see fit to protect themselves to that extent. We do think, however, that it is manifestly unfair for our laws to permit them to stand behind an impenetrable wall of protection and thus invade our markets at will. These invasions are also made in sweeping cuts in the price of lime in order to try to force us to buy off their competition. In fact, they have repeatedly made deliberate offers to remain out of our markets entirely for a cash consideration, without which they insisted upon continuing to practice piracy upon our markets, knowing that we have no means of retaliation under the existing laws. The injustice of this situation should be manifest to you. We presume some changes will likely be made in the tariff schedule during the present session of Congress. We therefore write to ask you in connection with our other Representatives in Congress to endeavor to secure some relief for us sufficient to cover the inequality above mentioned. We think the rate of duty on importation of lime under the circumstances should not be less than 25 per cent ad valorem. A more satisfactory basis, however, would be a duty of 25 cents per barrel of 200 pounds weight, which would prevent them from seeking refuge behind a ruinously low valuation.

There are five companies manufacturing lime on Puget Sound at this time. They employ collectively, directly and indirectly, in the neighborhood of 500 or 600 men, and have a capital engaged of more than \$1,000,000 in value. All of these institutions and their employees are greatly interested in this subject, and will be grateful for any effort which you may make in their behalf.

We will send similar letters to our other Representatives in Congress from this State, and especially ask the cooperation of all the Members of our delegation upon this subject, in the hope that we may have as early relief as possible, for the reason that every day represents a very large loss to us on account of the slaughter of prices which is represented by the acts of piracy practiced upon our markets from across the line.

Thanking you in advance for any effort, and hoping to have an early reply, we are,

Very truly, yours,

TACOMA AND ROCHE HARBOR LIME CO.,
By JOHN S. McMILLIN, President.

ROCHE HARBOR, WASH., June 5, 1909.

HON. WESLEY L. JONES,
United States Senate, Washington, D. C.

MY DEAR SENATOR: Your three letters of May 21 came to hand while I was in California, and I now hasten to reply as far as possible. Will try to get some additional data and forward it to you as early as possible.

British Columbia manufacturers are protected by 20 per cent duty, and we must pay that 20 per cent in order to get into their markets at all. Furthermore, this 20 per cent is levied not upon the actual invoice which we make to British Columbia purchasers. In computing their duty they refuse to be governed by the invoice price at which we are willing to sell and actually do sell to British Columbia consumers. They keep thoroughly posted upon the highest price obtainable in the market upon this side of the line and figure their 20 per cent upon whatever arbitrary price they see fit to put upon our lime.

I do not see how the statisticians can figure out that 5 cents per hundred pounds is 20 per cent ad valorem on the British Columbia lime. A barrel of lime weighs 200 pounds. At 5 cents per hundred pounds, our duty on British Columbia lime is 10 cents per barrel. That is all there is to it.

As the labor employed in the manufacture of the lime on Puget Sound is much higher than that on the other side of the line, we are therefore forced to pay this 20 per cent upon a higher price, based upon a higher cost of production.

All we have asked for is an actual equality in the rate of duty, and we are unable to see how anyone can consider this proposition an unfair one.

The present market price of our lime here is \$1.25 per barrel. The British Columbia duty of 20 per cent ad valorem on that price is 25 cents per barrel, as against 10 cents per barrel on their lime coming this way. It is true that sometimes they will let our invoices pass at \$1 per barrel, which makes the duty paid on our lime going into British Columbia 20 cents per barrel, and this is the absolute minimum. Thus the case boiled down is simply this: We must pay from 20 cents to 25 cents per barrel duty to get our lime into British Columbia, while British Columbia manufacturers are permitted to put their lime into our markets at 10 cents per barrel duty. To make it equal, the rate of duty on the British Columbia lime should be 10 cents per hundred pounds instead of 5 cents per hundred pounds. This would only put us on an equality upon the minimum rate of duty collected by them.

Even this duty would by no means place us on an equal competitive ground, for the reason that the markets of British Columbia are very small, while our markets are large and attractive to them. Probably in the ratio of not less than 20 barrels to 1 in favor of the American side.

I am absolutely at a loss to understand how anyone can figure 5 cents per hundred pounds to be 20 per cent ad valorem. That would mean that they were figuring the price of lime at 50 cents per barrel. The package alone costs at this time about 45 cents each, and while the price of lime in British Columbia is considerably lower than our price on this side, I have never known it to be anything like 50 cents per barrel. There is certainly a mistake somewhere in somebody's calculations to enable them to arrive at 20.55 per cent as the actual percentage of duty at 5 cents per hundred pounds. This calculation is certainly based upon a price or a cost of production which does not and never has obtained in either British Columbia or on Puget Sound. A fair and clear statement of the comparative rates of duty is a minimum of 20 cents per barrel into British Columbia and 10 cents per barrel into the United States.

On the very face of it this statement is unjust and unfair. It is greatly emphasized when the actual conditions of manufacture and market are considered.

The markets which are ordinarily supplied by the American kilns are Alaska, Washington, Idaho, Oregon, California, and the Hawaiian Islands. The works supplying these markets are located as follows:

We have here at Roche Harbor a capacity of 1,500 barrels lime per day. We employ on the average about 250 men in all departments. There are also four other small works in this county, employing about 30 men each. Making a total of 370 men. A large percentage of these are heads of families, representing the support of a much larger number of people. Quite a number of them are farmers or ranchers engaged in cutting cord wood and logs on their lands in the county, thus enabling them to earn a living in this way while clearing up their farms and bringing them into a condition of cultivation.

There is another plant at Wenatchee, employing about 25 men. Another in Stevens County, north of Spokane, employing about 60 to 75 men. There are two plants near Lewiston, Idaho, employing probably 25 or 30 men each. There are three plants in eastern Oregon, employing about 30 men each. There is one in southern Oregon, employing about 30 men. Making a total in Oregon, Washington, and Idaho of about 600 to 650 men.

There are also several large manufacturers in California, supplying principally that State, Nevada, Arizona, and a portion of Mexico, Central America, and the Hawaiian Islands trade.

I am unable to state the number of men employed in the California kilns, but the number would probably about equal those employed in the northern fields above mentioned.

Up to date the British Columbia kilns have attacked only the markets of Oregon, Washington, and the Hawaiian Islands, although there has been some talk of their going into California markets as well.

PRICES.

Lime has ordinarily sold f. o. b. Puget Sound kilns at \$1 to \$1.25 per barrel of 200 pounds each, packed in first-class wooden barrels; the barrels themselves costing from 40 cents to 45 cents each.

I may say that on account of the humidity in this atmosphere no lime can be handled or sold in bulk or bags in this climate. It must be put up in first-class wooden packages. Hence, when we speak of a barrel of lime here it means a different thing from what is called a barrel of lime in many places in the East, where they refer to their unit of manufacture as a barrel of 200 pounds, but actually sell it in bulk without any package at all.

At the present time our lime nets us f. o. b. at our kilns, in small orders, a maximum of \$1.25 per barrel for our best markets, and runs as low as 85 cents per barrel, in large quantities, on account of the local competition among American manufacturers.

The average profit to the retail dealer in the general markets is about 10 per cent.

The British Columbia lime sells at kilns for from 75 cents to 90 cents per barrel.

FREIGHT.

Freight varies from 12½ cents per barrel to local markets to 30 cents to San Francisco and 52 cents per barrel to the Hawaiian Islands markets.

The freight from the British Columbia kilns to the American markets is practically the same.

All the Puget Sound kilns and all the British Columbia kilns are located on the salt water, and all have water transportation. Distance cuts practically no figure whatever, and the rates of freight to the same markets are practically uniform.

WAGES.

The average rate of wages for common labor in the limekilns on the American side is about \$2.25 per day. Experienced, technical men in burning, quarrying, and other departments get considerably more than that, ranging upward to as high as \$3.50 to \$4 per day. The lowest rate of wages is about \$2 per day.

On the other side of the line we are informed by the manufacturers themselves that their white labor costs them from \$1.75 to \$2 per day. The principal manufacturers on that side, however, employ very few white men.

The largest and leading plant on that side of the line and the only one which has disturbed the American markets at all employs Chinese labor almost exclusively, and we are advised by manufacturers upon that side of the line that the rate of wages to the Chinese is from 90 cents to \$1.25 per day.

Lime is principally labor. There is very little opportunity for the use of machinery in connection with its manufacture, outside of the manufacture of the package. The difference between the cost of labor on this side of the line and the Chinese labor in British Columbia is from 50 per cent to 100 per cent. Hence we think when we are asking only that the rates of duty be equalized by advancing our rate to an equality with the British Columbia rate, no just American Representative should deny us this small measure of relief.

LOCAL SUPPLY.

That there may be no misunderstanding as to the local competitive conditions and adequate supply for all our markets from kilns owned by our own people and operated in our own country, I beg to say that, barring a period of about nine months after the great fire in San Francisco, there has not been a moment in the past ten years when the markets on the American side of the line have been sufficient to consume the output of 60 per cent of the productive kiln capacity of the American manufacturers.

At this present moment we have eight kilns in operation at this plant. We have five others standing idle. We have also several additional idle kilns in other parts of the State. The competition among our own manufacturers has always been keen, and prices have never been above a very limited return upon the capital and labor employed. Much of the time local competition has been sufficient to prevent any profit whatever to American kilns. There is no monopoly nor semblance of monopoly on this side of the line which makes the importation of lime from British Columbia necessary or justifiable from the standpoint of a just price to the consumer.

There are several millions of dollars invested in lime manufacturing plants on this coast, and conditions are such that abundant opportunities exist for additional plants to be developed if any extravagant price for the product were ever demanded by the American manufacturers.

As you know, public sentiment is such that the employment of Chinese or Hindoos on this side of the line would be impossible, and it seems most unjust that tariff conditions should exist which would encourage, and in fact invite, American capital to dump into our American markets the product of a class of labor which they could not successfully employ upon this side of the line.

Very sincerely, yours,

JOHN S. McMILLIN.

THE VICE-PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Washington.

The amendment was agreed to.

MR. OVERMAN. I desire to submit an amendment—to add a new section, to be numbered 10½—page 386.

THE SECRETARY. On page 386 add a new section, to be numbered section 10½, as follows:

That there shall be levied, collected, and paid a tax of \$10 for every alien entering the United States, in the manner and under the rules and regulations provided in section 1 of the act of February 20, 1907, entitled "An act to regulate the immigration of aliens into the United States."

MR. OVERMAN. Mr. President, I shall not inflict any extended remarks upon the Senate, as I have heretofore discussed this amendment at some length. On the 26th of April I pointed out that this increase is needed to defray the expense of the Immigration Bureau in a more liberal treatment of detained immigrants at our ports, a more thorough inspection of the enormous incoming tide, and the needed deportation of admittedly undesirable aliens who gain entrance. I also urged it because it would not fall upon the immigrant but upon the untaxed foreign steamships, and because even a still greater increase was desirable to increase and equalize steamerage rates so that we would not continue to be the cheapest country to reach—although in many cases the more distant—and hence, in truth, the world's immigration dumping ground. I have published in the RECORD its indorsement by the Farmers' Educational and Cooperative Union of America, the National Farmers' Congress, the National Grange, the Cotton Manufacturing Association of America, the American Federation of Labor, and the Knights of Labor. Nearly every patriotic society and charitable organization in this country, of which there are many, have indorsed this movement for the restriction of immigration, less lax enforcement of the law, and the more efficient handling, inspection, and examination of immigrants at our ports of entry.

I desire to read a short paragraph prepared from the annual report of the commissioner-general, which shows how the most objectionable aliens gain admission without the least apparent difficulty:

The report of the commissioner-general shows that a foreign-born population (which in 1900 constituted 13.6 per cent of the total population) furnished in 1908 134,094 persons, or 21.9 per cent of those in all the penal, reformatory, insane, and charitable institutions

of the United States, or 15.6 per cent of the criminals, 20.8 per cent of the paupers, and 29.5 per cent of the insane. (The proportion of the foreign born to the total population has remained practically constant for several decades.)

It further appears that of the 15,323 alien criminals, 8,197, or 53.5 per cent, had committed serious crimes as distinguished from minor offenses.

The total number of aliens in 1904 in these institutions was 44,985 as against 60,501 in 1908, an increase of 15,516, or about 34 per cent. The alien criminals increased from 9,825 to 15,323; the insane, from 19,764 to 25,006; the paupers, from 15,396 to 19,572. The criminals increased from 4,124 to 8,197 in grave offenses, and only from 5,701 to 7,126 in minor offenses.

I quote one short paragraph from Theodore Bingham's report in the city of New York. I believe he was until very recently police commissioner of New York City, through which comes the bulk of our present enormous foreign immigration of from 1,000,000 to 1,500,000 aliens annually:

We are trying to handle mediaeval criminals, men in whose blood runs the spirit of the vendetta, by modern Anglo-Saxon procedure. It is wrong to allow these people to slip into this country. But besides allowing this, we give them, once in, every chance to work their black-mail without getting caught. Against this sort of crime our laws are weak. Either they must be kept out or else a system of procedure must be devised which is potent and immediate enough to handle that sort of crime.

I read from a letter written by the United States ambassador to Germany, Andrew D. White, who wrote Josiah Flynt for publication in Mr. Flynt's new book, *Tramping with Tramps*:

EMBASSY OF THE UNITED STATES OF AMERICA,
Berlin, April 19, 1905.

DEAR MR. FLYNT: As you know, I consider the problems furnished by crime in the United States as of the most pressing importance. We are allowing a great and powerful criminal class to be developed, and while crime is held carefully in check in most European countries, and in them is steadily decreasing, with us it is more and more flourishing. It increases from year to year and in various ways asserts its power in society.

So well is this coming to be known by criminal classes of Europe, that it is perfectly well understood here that they look upon the United States as a "happy hunting ground," and more and more seek it, to the detriment of our country and all that we hold most dear in it.

Yours, faithfully,

ANDREW D. WHITE.

MR. JOSIAH FLYNT.

According to current newspaper reports, the superintendent of prisons of New York State has just made a census of state penitentiaries which reveals that there are 990 alien felons confined therein, of which number 349, or over one-third, were convicted of felonies before they had been in this country three years. Nothing is said of the number of aliens convicted of minor offenses, but those convicted of felony alone have, are, or will cost New York about \$5,000,000, and still there is no law under which they can be deported.

I also desire, with his permission, to put in the RECORD a letter sent to me by the senior Senator from New York [MR. DEWEY].

The letter referred to is as follows:

1470 FIFTH AVENUE,
New York, June 22, 1909.

HON. CHAUNCEY M. DEWEY,
Senate, Washington, D. C.

DEAR SIR: Senator LEE S. OVERMAN, of North Carolina, introduced an amendment to the tariff bill increasing the head tax on immigrants from \$4 to \$10, and upon a thorough investigation of this matter I have discovered, by personally questioning some of those recently landed, that the immigrants are entirely ignorant of the fact that any tax is placed upon them when entering this country; and upon looking into the matter further I find that in the event of an immigrant continuing his or her travels to either Mexico or Canada a rebate of the amount paid for the head tax is given; not to the immigrant, but to the steamship company on whose vessel he has traveled to this country, and, therefore, the tax is practically levied upon the steamship companies.

According to official records for 1908 the expenditures of the immigrant fund exceeded the receipts from payment of head taxes, etc., by the enormous sum of \$2,000,000; and inasmuch as the steamship companies are directly benefited by the bringing of immigrants, I see no just reason why this tax should not be increased.

They are certainly making a handsome profit out of the business, else they would not be continually adding so many new vessels to their already large fleets. On Sunday there came to New York the new North German Lloyd steamship *George Washington*, with a carrying capacity of 3,303 persons. This is her maiden trip, and according to the newspapers she is the "newest and largest German ship afloat."

On June 4 there came to New York the new Italian liner *America*, with a stowage capacity of 2,404; on June 5 there came the *Cincinnati*, of the Hamburg-American Line, on her first and maiden trip, with 2,064 stowage passengers.

The North German Lloyd has 332 vessels afloat, traveling chiefly between the old and this country, three-fourths of which come to us from countries bordering chiefly on the Mediterranean, as a result of their shifting the source of our foreign immigration there in pursuit of the most profitable traffic.

The International Mercantile Marine has in the neighborhood of 150 boats afloat, and they also run chiefly between the Mediterranean countries and the United States, or engage in bringing that class of people via northern European ports.

It must be clearly evident to you that this business must be paying a handsome profit, notwithstanding the reports given out about dividends, etc. It seems to me that these foreign corporations and their owners would not be so foolish as to invest their money in losing enterprises. Therefore it is reasonable, in view of the deficit in last year's immigrant fund, to have them contribute to our Federal Treasury at

least enough to support and defray the reasonable expenses of the immigration service.

Why is it that the construction of needed, much needed, hospitals, detention rooms, and other accommodations at Ellis Island had to be postponed and curtailed?

The Ellis Island station is the only one owned by the Government; those at Philadelphia, Baltimore, New Orleans, and Boston are rented, and, pardon me, are a disgrace to the United States. The money that was appropriated by Congress for the building of stations at Philadelphia, Boston, and New Orleans was not even sufficient to buy desirable sites.

The increase in head tax is needed for providing decent accommodations at our ports of entry. But the foreign steamship companies, untaxed and bound not to be taxed, have their powerful lobby at work.

The head tax really ought to be \$25. Why not protect us (by compelling them to defray the expenses of an immigration bureau) from the Black Handers and others who slip right through at present, chiefly because even if we had the law, we have not the funds owing to deficits, etc., to enforce the laws and provide suitable stations at our ports of entry, where immigrants would be examined and the steamship companies taught not to bring undesirables here by compelling them to take them back.

Please give this your earnest consideration, look into the facts clearly, go or send to Ellis Island and look at the rooms which should be used for observing insane and feeble-minded suspects being used for sleeping quarters, and note for yourself the necessary requirements which it will be impossible to have unless we increase the revenue of the immigrant fund.

Yours, respectfully,

WM. B. GRIFFITH.

MR. OVERMAN. I also desire to put in the RECORD an editorial and article from the *Farmers' Union News* on this subject just handed me for insertion by the junior Senator from South Carolina [MR. SMITH]:

An article and editorial from the *Farmers' Union News*, June 30, 1909, published at Union City, Ga., and representing the attitude of over 3,000,000 organized farmers and planters of the South and West:

THREE HUNDRED MILLION MORE.

Here is the charming doctrine of put-your-hired-man-in-the-parlor-and-sit-on-the-stoop-yourself finely stated by our contemporary, the *New York Times*:

There are some 90,000,000 people in the United States. If 400,000,000 were developing its resources, the country would support them more comfortably, more prosperously than it can support the 90,000,000. Labor in this land grows by what it feeds on—more men.

More men, and more men, and more men. Never mind the quality of the men—all we want is quantity. More men to keep up the processions of the unemployed. More men for the bread lines. More women and children for the sweatshops. More thousands to populate "lung blocks." More dark-visaged gentlemen of the Mafia, the Camorra, and the Black Hand. More prosperity for the stiletto trade. More and more ignorance of and want of sympathy with original American ideas of the sacredness of individual right and initiative, and more and more encouragement for the intrusive police methods of Europe.

We need men in this country, oh yes; but not so much great numbers of any kind of men as a fair chance for the right sort of men. We are not particularly anxious to have a worse attack of ethnological indigestion than the one we are suffering from at present. Let us give a fair chance to the 100,000,000 to become full-sized, full-brained, sound-hearted Americans before we bring in 300,000,000 more.

In protesting against the proposed turning of the government departments at Washington into official employment agencies, chiefly for the benefit of new European immigrants, the officials of the American Federation of Labor have done exactly right. Immigration should be restricted, not magnified. (The Evening (N. Y.) Mail, June 3, 1909.)

The above, coming as it does, from the center of the immigration district, shows that the New England press is awakening to the horribleness of an unrestricted immigration. New England is being crowded to death, and she must do one of two things: Have her immigrants distributed through the United States, or have the law strengthened and enforced, thus stopping the present influx of immigration. Either one of these, or else New England must suffer as no section of this country has ever suffered from an overflow of undesirable citizens.

FALLACY OF AGE-HERALD'S POSITION ON IMMIGRATION EXPOSED.

(We publish below an editorial from the Birmingham Age-Herald and a reply to it by J. H. Patten, secretary of the Immigration Restriction League. This editorial of the Herald proves what little knowledge some of our big papers have in regard to the actual situation on immigration. It also shows how irresponsible they are when it comes to giving editorial comment on great national questions. Mr. Patten's reply was not published until after a threat had been made to have the reply published in the *Farmers' Union News* and *Farmers' Union Guide*; then it came forth.—Editor.)

TO KEEP OUT IMMIGRANTS.

The congested districts of New England and the States that lie about New York City are endeavoring to restrict immigration, simply because they have enough workers at present. They do not consider the needs of the far West or of the South. They regard themselves alone, and from their selfishness and localism has arisen a bill to raise the head tax on immigrants to \$10. It now stands at \$2.

This means that the poor immigrant would be shut out. We have in the past invited the poor and oppressed of all nations to come here, but under the bill now before the Senate Finance Committee this invitation would be restricted to those who can pay a \$10 head tax. This would cut out the poor, at any rate, and we would hereafter invite the oppressed that have \$10 a head.

The bill before the Senate Finance Committee should be voted down by all who believe America should continue to be the asylum of all who desire to find new homes. The bill discriminates between men, all of whom are needed to develop our resources and to add to the natural wealth. The man or woman who can pay but a small head tax would prove perhaps as valuable an addition and asset as the man who could pay a \$10 head tax. The discrimination lacks business sense, is un-American, and is wholly uncalled for by the general situation. It probably came from the narrow brain of some HENRY CABOT LODGE in the crowded New England environment. (Birmingham Age-Herald.)

Age-Herald, Birmingham, Ala.

DEAR EDITORS: I have just seen your editorial of May 24, instant, "To keep out immigrants," and as a southerner and one deeply interested in the immigration question, I beg to have a few words with you, and, if I am not presuming too much, with your readers also.

Your first statement that the Northeast congested districts are endeavoring to restrict immigration is only a part of the whole truth. They demand it, or the distribution of their present surplus congested foreign populations and the diversion of the present enormous influx of brownish peoples, akin to the Negroid races, to sections of the country in favor of this new immigration and opposed to restriction.

In view of the action of your and most of the state legislatures of our 46 States in abolishing bureaus of immigration, refusing to establish such, or in resolving in favor of immediate restriction, the passage of stringent restriction resolutions by farmers' unions, labor unions, patriotic societies, charity organizations, and the universal formation of restriction leagues, and the general interest in, and widespread demand for such, as well as the fall in wages and the large number of unemployed, at least in the North, I would challenge your statement and inference about the any-kind-of-immigration needs of the South and West. These facts are all ably and comprehensively dealt with by Senator LEE S. OVERMAN, who introduced the amendment increasing the present head tax of \$4 (not \$2, as you state) to \$10, in a speech in the Senate, April 26, ultimo.

I would also question your statement about this country having "in the past invited the poor and oppressed" of any land, let alone "all nations," as you put it, for in 1808 we prohibited the slave trade, which meant African exclusion, and which, in the light of subsequent history and current events, was no mistake, and in 1882 the Chinese were also as a race excluded. In fact, this country was really established by the somewhat exclusive Puritan and Cavalier who immediately proceeded to make it unbearably uncomfortable for any and every one disagreeing with their ideas of religion, politics, and economics; and rightly, too, in my humble opinion, for, if you will pardon the racial conceit, I think we have here, as a result, the finest and best civilization that ever shone, bedimmed only by the presence of alien races enthusiastically brought here for the blood money there was and is in the traffic.

Your opinion that the proposed increase of \$6 in the duty on aliens is a tax on "deserving poverty" and "misery," seems to be the only plausible objection raised, if one can judge from the press and public. I think you are quite wrong there, just as you are in regard to the proposal having come "from the narrow brain of some HENRY CABOT LODGE in the crowded New England environment." That's calling Senator LEE S. OVERMAN, of North Carolina, a pretty hard name, don't you think? And don't you think you ought to right the wrong you have done one of the most broad-minded, patriotic Southern men in the Senate? I know you will if you will but look over his able speech which I take great pleasure in sending you under separate cover.

In that speech Senator OVERMAN points out four possible, to my mind conclusive, reasons, grounded in official statistics and record testimony, why the present head tax should be increased from \$4 to at least \$10. They are as follows:

First. Last year the expenditures out of the "Immigrant Fund" exceeded its receipts by 100 per cent, and as a result therefrom the building of needed hospitals, detention rooms, and contagious wards at Ellis Island, New York City, and the establishment of needed government-owned accommodations at other ports of entry, had to be curtailed and postponed. This new immigration from southeast Europe and western Asia contains many having dangerous, contagious diseases—with such dreadful oriental afflictions as trachoma, favus and the like—who often have to be detained for weeks and months before a cure can be effected and the alien admitted.

Second. The tax is not levied upon or collected from the immigrant, but is paid by the steamship companies. The immigrant knows nothing about it. The foreign-owned and operated steamship companies are in a combine or trust for charging the immigrant all the traffic will bear. Their officials so testified before the United States Industrial Commission (Vol. XV, pp. 103, 117, etc.), and were forced to admit that as a result of the combination they had more than doubled steamer rates to this country, and still it is the cheapest country to come to by from \$10 to \$65. Since monopoly conditions exist and the traffic is being charged all it will bear, the present tax of \$4 is not shifted upon the immigrant, but comes out of the excessive profits of the foreign steamship lines. On July 1, 1907, the head tax was doubled—that is, increased from \$2 to \$4 in order to get needed additional revenue to provide better and needed accommodations at New York and Boston, and to establish stations in the South. But steamer rates remained the same throughout that year, and are the same to-day, and in the opinions of students of the situation, would continue the same if the tax were increased to \$10 or even \$20. An increase in rates in an effort to shift the tax would result in a falling off in traffic and a consequent greater diminution of the net profits than would the payment of the tax. According to your statement of the facts, the average immigrant is poverty stricken, and consequently any increase in the present steamer rate of \$37.50 (the rate varies a dollar or two with the port, size and speed of vessel) would mean a great decline in the number of passengers carried, and therefore a greater loss to the steamships.

Testimony before the Industrial Commission revealed it cost them only \$1.70 to feed and room an immigrant passenger on the entire trip over, and not over \$7, all told, to bring an alien here in the steerage. Why should not these foreign corporations, which at present contribute not one red cent to the financial support of the Federal Government beyond the present \$4 head tax, inadequate even to meet the reasonable expenditures of the Immigration Service, pay even a twenty or thirty dollar tax, since they are making annually millions of dollars out of the traffic, as is attested by the small cost of the service rendered and their continually building larger and faster ocean liners?

Third. As has been said, the United States is by from \$10 to \$65 cheaper to get to from European and Western Asiatic ports than Canada, South America, South Africa, and Australia; and consequently no other country has any considerable net foreign immigration—we are, in truth, the world's dumping ground. The foreign steamship lines, as shown by Senator OVERMAN, have made secret contracts with foreign governments like Austria-Hungary, to cart off so many thousand a year to America. An increased head tax upon them of thirty or forty dollars would equalize steamer rates, and shove off or back some of the social refuse and scum populations that are unquestionably being dumped upon the New England States. New York State pays annually over ten millions of dollars for the support of the foreign-born defectives and dependents in her public institutions. Boston has just learned

what it is to have the franchise in the hands of the brownish Negroid races, and the Massachusetts legislature has, as a result, just passed a bill practically disfranchising the Boston city electorate and putting the local government in the hands of a civil service commission and a permanent finance commission appointed by the governor. That's what makes "narrow-minded Lodgeism in crowded New England," as you term restriction. You do not seem to be any more able to comprehend the immigration problem and evils of Yankeeedom any more than New England formerly understood the negro problem. I had no conception of it until I went to Harvard and became acquainted with conditions down there, which were so alarming that I could not resist identifying myself with one of the restriction societies. But you will some day, if foreign immigration from southeast Europe and western Asia is distributed and diverted South, just as New England now has some practical conception of the negro problem as a result of the recent influx of alien races.

Fourth. Three-fourths of the present foreign immigration are male, and nine-tenths are adults. As a rule, they come single-handed and alone, for the purpose of staying a few years, picking up what they can find at any wage and any work, living parsimoniously—"like a flight of grasshoppers upon our abundance," says John Temple Graves—and going back with their miserly savings to their native lands. During the past ten years over 8,000,000 aliens have entered the United States, and 4,000,000 have left. Less than 10 per cent of the annual alien influx has ever been here before. They bring with them in cash on an average of \$25 per person. Why should not these "birds of passage," granting that the increase falls on them, be made to contribute something directly to the financial support of a Government which offers them such splendid opportunities and privileges, and whose hospitality is so grossly abused?

Now, in all candor and fairness to public-spirited citizens of North and South, to Senator OVERMAN in particular, to your own congressional delegation, every one of whom I understand to dissent from your editorial of the 24th instant, and one of whom is on the House Immigration Committee, and is a member of the United States Immigration Commission, which has been investigating the subject for over two years; and whose report will be along the lines of this letter, will you not give this letter publicity in your columns, or at least, parts of it?

Sincerely yours,

J. H. PATTEN.

WASHINGTON, D. C., May 27, 1909.

I also wish to put into the RECORD a few of the replies I have received from New York State officials showing the alien burdens there and the need of additional restrictive legislation and apparently the expenditure of much more than has been spent in the past in the enforcement of our immigration laws, which do not begin to compare with Canada's:

STATE OF NEW YORK,
OFFICE OF THE STATE COMMISSIONER IN LUNACY,
Albany, July 2, 1909.

HON. LEE S. OVERMAN,
United States Senate, Washington, D. C.

MY DEAR SENATOR OVERMAN: In further answer to your favor of June 26, I have to report in response to query No. 1: The number of foreign-born insane in the 15 state hospitals for their care in this State on February 1, 1909, was 11,859, out of a total of 28,643, the nativity of 332 being unascertained. That is, on that date 45.2 per cent of our insane in state hospitals was of foreign birth. In Manhattan State Hospital, situated on Wards Island, New York City, which receives the larger proportion of the insane of New York City, there were on this date 4,158 patients, of whom 59.64 per cent were of foreign birth. At Central Islip State Hospital on the same date there were 3,868 patients, of whom 58.48 per cent were of foreign birth; this hospital receives patients from New York City as a rule on alternate weeks, sharing the increment with Manhattan State Hospital.

In 1900 the foreign-born population of New York State was 26.3 per cent of the entire population; while in 1903, the foreign born insane in New York State represented 46 per cent of the population. It is probable that the foreign born in the State represent nearly 35 per cent of the entire population of the State to-day.

In 1905 more than 25 per cent of aliens in penal, reformatory, and charitable institutions in the United States were in the New York State hospitals for the insane, although New York State had in 1900 but 9.5 per cent of the whole population of the United States, and but 18 per cent of the foreign born population.

During the year ended September 30, 1908, 49 per cent of our patients admitted for the first time (to any hospital for the insane in this State or elsewhere) were of foreign birth. The foreign born were but 26.3 per cent of the whole population of the State in 1900. Careful investigation of our statistics shows that the disproportionate number of foreign-born insane can be accounted for only in part by difference in age; for the proportion of foreign-born residents of the State who are adults and of the age in which insanity most frequently occurs is very little larger than the native born.

The following table presents some interesting facts concerning the number of people deported by the board of alienists attached to this commission during nearly five years:

[Including New York City; also including New York State; by friends; and on warrants.]

	State.	New York City warrants.	Friends.	State.	Total.
1904.....	176	(*)	(*)	(*)	(*)
1905.....	299	112	16	2	130
1906.....	307	149	14	6	169
1907.....	352	222	28	20	270
1908.....	(*)	277	57	25	359
1909.....	(*)	* 305	35	17	357

* Board of alienists not yet appointed. * Not out yet. * To date (July 1).

As to the third query, the number of alien insane that failed of deportation, although in our opinion properly certified as such, cut no figure in 1905 and in 1906; but late in December, 1906, and in Janu-

ary, 1907, instances of this kind began to appear, the first case on our records bearing date of January 1, 1907. Eight of such cases appeared during the year ending September 30, 1907, but during the year ending September 30, 1908, 43 such cases were refused deportation. Upon the objection of our board of alienists, 16 of these were ultimately deported and 12 were bonded, this bonding of a case of mental defect being illegal, as we claim, under the immigration law of July, 1907. The so-called "reimbursing" rate of \$3.50, which the sureties for the bonded insane aliens agree to pay New York State for the care of these patients, is little more than one-half the weekly cost of these patients to the State.

The energetic protest of our board of alienists, with added influence exerted by this commission, aided in large degree by the moral support of some, if not all, of the United States alienists at Ellis Island (notably Doctor Thornton) resulted in the prevention of improper landing of many cases.

The number of cases not certified as insane by our board of alienists, owing to the lack of necessary testimony to prove that they were deportable, is not as large as formerly. In 1905 there was a very large number of such cases, but experience has taught that but a comparatively small number need escape certification. Four years ago about 100 avoided deportation, but last year less than 25 were in this class.

The cost of maintaining an insane person in this State in one of our hospitals is \$186.63. The average length of life in the hospitals is nine years; thus an insane persons costs us, on the average, \$1,679. Therefore the 15 persons who escaped deportation or failed of being bonded during the year ending September 30, 1908, will cost the State \$25,185, if we are unable to secure their deportation within the three-year limit, after making, as we are doing now, renewed application to the new Secretary of Commerce and Labor for proper disposition of their cases.

Please use this information in any way that you deem wise, quoting my name freely, as these facts are in no sense confidential.

The State of New York owes you a large debt of appreciation, my dear Senator, for the interest you are taking in the matter of deporting insane aliens.

Yours, very truly,

ALBERT WARREN FERRIS,
President.

STATE OF NEW YORK,
STATE BOARD OF CHARITIES,
OFFICE AT THE CAPITOL,
Albany, N. Y., June 21, 1909.

I can not tell you how much it costs the State of New York to maintain aliens in institutions, but I know that in consequence of the removal of approximately 1,200 aliens from the institutions subject to the jurisdiction of the state board of charities during the last year, the State has been saved the cost of maintenance of such persons during a probable average period of fifteen years in each case, and that, for the purpose of each alien, the public spends upon an average \$200 per annum. To put it in another form, had these aliens been maintained in the institutions of the State of New York for a single year, they would have cost the State \$240,000. If permitted to remain fifteen years, the average duration of a pauper's stay, they would cost the State \$3,600,000, and this covers the removals of only one year, and also only the public charitable institutions of the State of New York, exclusive of the hospitals for the insane. The prisons and jails have their own aliens, equal in number to those in the charitable institutions. Hence the total expense to the State is ultimately very heavy indeed.

I remain,

Very respectfully, yours,

ROBERT W. HILL,
Secretary.

STATE OF NEW YORK,
STATE COMMISSION IN LUNACY,
OFFICE OF THE BOARD OF ALIENISTS,
New York, June 29, 1909.

HON. LEE S. OVERMAN,
United States Senate, Washington, D. C.

DEAR SIR: Your esteemed favor of the 26th instant, asking for certain figures, came duly to hand. As public officials, we see no objection to supplying them to you, especially as they appear in the public records.

In answer to your various questions in the same order as given, the replies are as follows: In 1907, 3,827 out of 10,781 admissions of pauper cases to the New York asylums were foreign born; in twenty years ending 1907, 54,200 out of a total of 158,200 were foreign born. Right here it might be said that the last United States census showed 25 per cent of the population of New York State to be foreign born. The discrepancy in percentages is obvious.

As to the number of aliens deported annually by this department, we would say that in 1908, 277 were deported on government warrants, and this year we will so deport about 400; in addition, the State deports 100 more who desire to return to Europe and who have been too long in the country to be deported under the immigration law. We ought to be allowed to deport within five years of landing, instead of within three years, as at present.

The ratio of insane aliens to immigration shows relatively as much insanity among the aliens in one year as in our population in a generation.

As to the number of newly landed aliens picked up in New York City, we would say that the average of 1,000 cases deported on warrants shows that the aliens were in this country less than one year at the time of becoming public charges; last year when arrested, 19 were here less than one month, 53 less than three months, 96 less than six months, and 134 less than twelve months.

In the matter of the financial burden imposed on this State, we would inform you that the total expense incurred by the State for each case admitted, including erection of buildings, furniture, maintenance for the average length of life of the inmates, interest on the investment, etc., is placed at about \$5,000. If it is true, as claimed by sociologists, that the productive life of every healthy immigrant, or any other person for that matter, is worth \$5,000 to the community, then the loss in total is not less than \$10,000.

At the present time we are very glad to be able to inform you that the present administration of the Department of Commerce and Labor seems anxious to act for the best interests of the community. Our medical certificates are received with very rare exceptions, and they are acted on promptly. No cases are being landed under bond. While

Mr. Straus was in office I should say that, roughly, this State lost nearly 10 per cent of the cases that we asked to have deported. But that can not be said at the present time.

A further note may interest you somewhat. The superintendent of the New York State prisons is now looking into the matter of deporting alien criminals who landed in violation of law. This is a new matter for such a department in any State, and is believed to be a very encouraging symptom of the trend on the part of the various local authorities to take advantage of the provisions of the immigration law. Mr. Collins's report for 1905 shows that 40 per cent of the inmates of the state's prisons were foreign born. These figures include the women, which, if excluded, would make the percentage of the men very much higher.

For an interesting volume on the presence of the insane and the feeble-minded in the institutions of the various States, you are referred to a volume issued in 1904, by the Department of Commerce and Labor, entitled "Insane and Feeble-Minded."

In every instance outside of New England, the foreign-born percentage is in excess.

The state board of charities also deports pauper and defective aliens to the number of several hundred a year. We handle the insane only.

If there is any more information we can supply you, we will be very glad to do so.

Yours, respectfully,

SIDNEY D. WILGUS, Chairman.

According to these and other letters from New York state officials and their testimony before the Industrial Commission, it costs New York about fifteen millions a year, or from one-fourth to one-half its annual expenditures, for the support, care, and control of foreign-born deficient, defectives, and delinquents.

According to these authorities, in 1907, 3,827 pauper cases of foreign-born insane were admitted to New York state asylums, the estimated cost of each one of whom to the State is, according to the New York officials, \$5,000, unless deported. About one-third are deported. Last year 1,000 newly landed insane aliens were deported. Consequently, the cost of foreign-born insane to the State of New York is between ten and twelve millions of dollars per year. The total loss must be about twice that, for Andrew Carnegie and certain economic writers estimate that a healthy adult is worth about \$5,000 to the community, if he is the right kind.

There are 990 alien felons and several hundred more foreign-born felons in New York state prisons, whose mere keep, to say nothing of the expenses of their convictions and other police burdens and depredations on persons and property, costs the State, according to Superintendent Collins, over \$200 per year, and the total cost per person is estimated at about \$5,000, or nearly five millions of dollars. Add to this another \$5,000 per person for the economic loss, and we have a total of ten millions for foreign born criminals.

DEPARTMENT OF COMMERCE AND LABOR,
IMMIGRATION SERVICE,
OFFICE OF THE COMMISSIONER,
Boston, Mass., June 23, 1909.

HON. LEE S. OVERMAN,
United States Senate, Washington, D. C.

MY DEAR SENATOR: I think I can not better reply to your inquiry of the 22d instant than by inclosing copy of a communication addressed, January 31, 1908, to Congressman KELIHER, in whose district our present station is located, and who submitted an inquiry similar to yours. While the general conditions have not changed since that report was submitted, it may be said that the immigration for the calendar year 1908 amounted to only 35,000, compared with 75,000 for the calendar year 1907. Immigration for the current year is estimated to be about 60,000.

After Congress appropriated a sum of money for a new immigration station at this port, Assistant Secretary McHarg, of this department, visited Boston for the purpose of investigating the matter of possible sites. Following that investigation I submitted a report to the department under date of May 11, ultimo, a copy of which I also inclose. If you do not need this report of May 11 for your permanent files, I shall appreciate the courtesy of its return, since it is the only spare copy that we now possess. If you prefer to retain it, however, please do not hesitate to do so. The time of our stenographers is so taken up this week that there has not been an opportunity to make another copy of the report.

I also submit a cut of our present station, taken from the annual report of the Commissioner-General for the fiscal year ending June 30, 1904. Facing the picture the immigration quarters occupy the right-hand side of the dock, extending to the left as far as the first red cross. The boarding division of the Customs Service occupies that part of the building extending from the first to the second red cross, and from the latter point to the left-hand end of the building the premises are occupied by a steamship company whose vessels ply between Boston and Yarmouth.

If I can be of further assistance to you in this matter, please advise me.

Very truly, yours,

GEO. B. BILLINGS,
Commissioner.

JANUARY 31, 1908.

HON. JOHN A. KELIHER,
House of Representatives,
Washington, D. C.

MY DEAR CONGRESSMAN: In answer to your letter regarding the needs of a new immigration station at this port, I will give my reasons as briefly as possible why it should be done.

In the first place, the situation we are in to-day is entirely different from New York; that is to say, at New York the officials, except the boarding division, who examine the first and second cabin passengers and citizens on board ship, all remain at Ellis Island, where all the steerage are brought to them for examination. Although we have the

boarding division, the same as in New York, the other officers have to go to the various docks to examine the steerage passengers, which, of course, is not a satisfactory way to do the work. When two vessels of different lines come in at the same time, our officers might have to go to East Boston to examine aliens there, and also be required at Charlestown at the same time. Of course at a time like this we have to split our force, which delays all concerned. As we make our original examination at the various docks, we only bring the detained immigrants here, which is about 10 per cent; i. e., in the course of a year we have at the station six or eight thousand people, whereas last year, if we brought all the aliens, we would have had in the vicinity of 75,000.

Whenever the United States Government assumes the responsibility of caring for human beings, it should do everything possible to insure the safety, comfort, and health of these people. The building we have to-day is a wooden one, and every precaution has been taken in the way of installation of fire apparatus, fire walls, and all modern appliances to insure as far as possible the safety of those who are held at this station, but even with these precautions the building, of course, is not fireproof, and although, in my judgment, Long Wharf is the best-protected wharf in Boston against fire, even at the best it is not absolutely safe.

We have got all the available space on the wharf, and when we came here four years ago it seemed ample for our wants, but the new laws and the increased immigration added so to the work of the office that we are now very much cramped for room. We have no place except a few safes for keeping the records of the office, and we could not build any fireproof vaults on the wharf.

The site that we are on now is probably as centrally located as possible, but the volume of business done by two steamship lines and the many mercantile concerns keeps the wharf very much crowded. On the north side we have a berth for a steam launch which is used for transferring the inspectors to the different wharves in East Boston, South Boston, and Charlestown. On this side a large fleet of fishing schooners is continually coming and going and at times block up the space between this wharf and T wharf, so that it is only after a long delay that our launch is able to force its way through. On the south side the revenue cutter is used by the boarding officers of the customs, and our own inspectors in boarding incoming vessels also have trouble in getting from its berth on account of the steamers and lighters that are sometimes there.

On the end of the wharf the Dominion Atlantic Steamship Company, plying between this port and Yarmouth, Nova Scotia, runs two trips a week in the winter and eight trips a week in the summer. These steamers bring considerable freight, which necessarily means a large number of teams has to be used to transfer it, and at times they block up the entrance to the station so that it is extremely difficult for the employees as well as other people having business at the office to obtain entrance.

From a sanitary point of view the objections to the present station arise from the nature of the construction of the building and the lack of available space, either in the building itself or in the vicinity, to install the necessary adjuncts for the proper care of the people. The sheathing of the detention quarters not being tight renders fumigation in the dormitories almost impossible. Opportunity for bathing is provided, but we are unable to cleanse vermin-infected clothing or blankets, because we have no steam disinfectant and no space available in which to install one.

In the matter of disinfecting blankets used by persons who may develop disease we are dependent upon the courtesy of the local quarantine physician to respond to our personal requests to do such work. The cleansing process to which the blankets are subjected weekly by the contractor is valueless for purposes of disinfection. No ordinary laundry or blanket-cleansing establishment can be relied upon to insure proper disinfection of blankets. As a matter of fact, no laundry desires our blankets, from the fear of losing their other customers and stampeding their own employees on account of the vermin that is liable to be in them. Proper provision for doing all necessary laundry work is a very important feature in arranging a new immigration station.

There is no available space in our present station for the proper isolation of cases of suspicious or contagious diseases pending transfer to hospital. The room we now use in this connection differs from the rest of the establishment in that it is tinned and painted on the inside, and can be cleansed and disinfected, but it is not isolated in the best possible manner.

It would seem just also that we should be able to provide cabin passengers who may be detained accommodations comparable with those furnished them on shipboard. Such, of course, is impossible with our present available space.

The dormitories now occupy all the space that can be devoted to that purpose. The devices which have been arranged to promote ventilation probably serve to furnish as good air conditions as it is practicable to attempt to secure, considering the small initial per capita air space and limitations to artificial ventilation imposed by the construction of the building and the rights of other tenants.

We have beds to accommodate 204 on the men's side and about 125 to 150 women and children in the women's side. With either of these sides full in the warm weather, the air space would make it rather disagreeable. Fortunately, however, it is very seldom that either side is filled.

It seems to me that the above shows the necessity of a proper fireproof station in Boston, which has been for years the second port, as far as immigration has been concerned, in the United States.

Very truly, yours,

GEORGE B. BILLINGS,
Commissioner.

DEPARTMENT OF COMMERCE AND LABOR,
IMMIGRATION SERVICE,
OFFICE OF THE COMMISSIONER,
Baltimore, Md., June 23, 1909.

Hon. LEE S. OVERMAN,
United States Senate, Washington, D. C.

MY DEAR SENATOR: Replying to your inquiry of yesterday, I have to state that the conditions surrounding the landing of aliens at the port of Baltimore are entirely different from that at Ellis Island. With the exception of a few fruit steamers landing passengers from ports in the West Indies, all aliens arriving at this port come via the North German Lloyd Line from Bremen, and the steamers of that line are docked at the new Baltimore and Ohio Railroad pier, No. 9, the second floor of which is used as a landing station. The attached cuts will give you a very good idea of the outside of both the old and new buildings. Aliens upon landing are, as at Ellis Island, examined by the surgeon

and grouped in aisles very similar to those at New York and are registered in precisely the same manner. The building will comfortably hold 5,000 immigrants, and the largest number of arrivals which we have ever had at the port at one time was approximately 3,000. Those admitted entrain on the same floor; those detained or refused a landing are taken to the detention house, which is a brick building, conveniently near to the pier and fairly well fitted for its purposes. While this detention house is under my supervision, it is operated and controlled by the North German Lloyd Steamship Company, A. J. Koether being the proprietor.

In December last, some complaint having reached the Secretary, the Assistant Commissioner-General was detailed to pay this port a visit, and I take pleasure in attaching a copy of his memorandum with reference to the detention house as then existing. The only comment I have to make on Mr. Larned's report is that the changes desired have all been made; and, having periodical reports as to the quantity and quality of the food served at the detention house, I can assure you that the immigrants are comfortably housed and fed. All the expenses of detention are borne by the North German Lloyd Company, and the rate charged the Government for the detention of special cases is 50 cents per diem.

Aliens held for hospital treatment by the Public Health and Marine-Hospital surgeon attached to this station are sent, by his designation, to one of the several city hospitals, except measles cases, which are treated at the detention house in quarters isolated from the others, and the expenses incident to detention and hospital treatment are borne by the steamship company.

The Immigration Bureau leases no buildings at this port other than the uptown offices in the Stewart Building, corner of Lombard and Gay streets, nor does the Government pay any rental for the facilities afforded at the landing station and detention house.

I might add that two years ago a bill was introduced by Representative MUNDT, of the Fifth Maryland District, embodying an appropriation of \$250,000 for a landing station, including detention and hospital quarters, at Baltimore. Similar bills introduced in behalf of the ports of Boston and Philadelphia have, I understand, been favorably acted upon, while the bill for the port of Baltimore remains unacted upon, although the immigration through here is more than double that of Philadelphia and compares favorably with the port of Boston.

Respectfully,

LOUIS T. WEIS, Commissioner.

DEPARTMENT OF COMMERCE AND LABOR,
IMMIGRATION SERVICE,
OFFICE OF THE COMMISSIONER,
New York, N. Y., June 26, 1909.

Hon. LEE S. OVERMAN,
United States Senate, Washington, D. C.

SIR: This is in further reply to your letter of the 22d instant, making inquiries in relation to recent enlargement of the Ellis Island plant.

1. You ask "whether there was any curtailment during the past fiscal year in the building and enlargement of hospitals, detention rooms, and other facilities for handling and taking care of immigrants at Ellis Island, as originally proposed about two years ago." My answer is that there was not. The chief one of these enlargements, however, consisted in the creation of the new island with contagious-disease hospital, all of which were planned during my first term of office (which extended down to February 10, 1905). The principal further enlargements are new baggage and dormitory building (for which about \$400,000 was appropriated) and a further hospital building on one of the old islands, all of which were planned by my successor. With the exception of the upper floor of the new dormitory building, none of these extensions are at the present time in actual use, though we hope soon to have them so, particularly if at this session of Congress a sufficient appropriation is made to furnish the new contagious-disease hospital.

2. You state that you understand that there is "no used detention room for the observation of feeble-minded and detained insane suspects, and that you have to use the general wards of the hospital for such." Doctor Stoner, chief medical officer here, has given me the following information in reference to the foregoing:

"There is at present, and has been for some time past, in the immigration hospital at this station a ward set apart for the observation of male immigrants suspected of being mentally defective, and also a ward for female immigrants.

"In addition to these, the psychopathic wards (male and female) in the separate building especially constructed for the purpose, are in constant use.

"The observation wards referred to became available when the hospital was enlarged by the construction of the first (central) extension. The temporary pavilions adjoining the main building were discontinued as mental observation rooms about a year ago and put to use by the commissioner as ordinary detention rooms to take the place of the old barracks, which had to be removed to make room for the construction of the new building—baggage and dormitory detention rooms—and when extensive alterations were also made to the main building—new dining room, etc."

3. You inquire further whether "when immigration is at its greatest you have to house the immigrants in more or less temporary quarters." My second term of office began just four weeks ago. I am glad to say that immigration is not at its highest just now, and I am unable to state just what will happen when this occurs again. If next year's immigration exceeds the highest we have ever had, it is quite likely that I shall have to request appropriations for still further detention quarters. In view of the short time I have been here under my second term, I am unable to state just how the more stringent rules I am putting into effect concerning the inspection of immigrants will affect detentions after my policy has become known abroad, and I would not care to-day to express an opinion as to whether or not we have room enough now. I may add that during the construction of the new dormitory building above referred to, detained immigrants were housed in temporary wooden quarters, which for various reasons, including the danger of fire through their presence, I am about to cause to be removed.

If this reply is not sufficiently full, I hope you will give me opportunity to write you further. I shall doubtless be in Washington on official business before Congress adjourns, and if you desire to see me concerning any particular matter, it will give me great pleasure to call upon you. Perhaps you will feel inclined some time to come to Ellis Island and see how the immigration laws are executed.

Respectfully,

WM. WILLIAMS, Commissioner.

DEPARTMENT OF COMMERCE AND LABOR,
IMMIGRATION SERVICE,
OFFICE OF THE COMMISSIONER,
Philadelphia, Pa., June 26, 1909.

HON. LEE S. OVERMAN,
United States Senate, Washington, D. C.

SIR: I beg to acknowledge receipt of your letter of the 22d instant, requesting information as to present facilities at this port for the inspection and handling of immigrants, and I have been directed by Commissioner Rodgers, who is at present absent from the city, to say that there are two regular lines carrying passengers to this port. First, the American Line, from Liverpool and Queenstown. Their passengers are examined in a frame building, formerly a freight station, which is owned by the Pennsylvania Railroad, and, I understand, is leased by the American Line, and which is connected with their pier by an overhead bridge. The building is an old one and, while every effort is made to keep it clean and sanitary, it is far from modern. This building was inspected by the Immigration Commission during the examination of the passengers of the steamship *Merion* on June 3 and 4, 1907, and their report on the same will no doubt be of interest. Second, the Italia Line, from Genoa and Naples, use the river end of the second floor of pier 80. This pier is a large frame structure owned by the Baltimore and Ohio Railroad Company, and the fittings in the portion used for the examination of immigrants were installed, I believe, by the city of Philadelphia in the nature of an inducement, so that this line, which is a new one, might have some sort of facilities here, and, like the building used by the American Line, this place is far from modern. The detention house, which was also inspected by the Immigration Commission, is an old building, by no means up to date, but kept as clean and sanitary as possible for a building of its character. Both lines keep their detained passengers there, and I understand that they exact an indemnifying bond from the man who has charge of it. It is not under the control of this office. We have no government hospital here, and arriving immigrants in need of hospital treatment are sent to several hospitals in this city, principally the Philadelphia Almshouse Hospital, and contagious diseases, such as scarlet fever, diphtheria, and measles, to the Municipal Hospital. With respect to your request for kodak pictures showing the conditions under which our force works, I regret that we have none on hand, but will endeavor to comply with your desire at the earliest possible time, and will be very glad to furnish any further information.

Respectfully,

J. S. HUGHES,
Acting Commissioner.

Mr. President, I have these official letters and others showing that in Boston, Baltimore, Philadelphia, Galveston, and at all the leading ports except New York we have no adequate government-owned facilities for taking care of these people when they come and inspecting and detaining properly those likely to become public burdens or undesirable citizens. As to New York City, I have a letter saying that they probably have not sufficient quarters to take care of them when the flood tide is at its height, and Congress is even being asked for appropriations to make available existing buildings. We have expended directly for enforcement of the law during the past twenty-five years far more money than the income from the head tax, rentals, and so forth. I say this principle and this policy of levying a head tax or steamship tax has been established for years. It is no new principle; it is no new policy; it has been up before the Supreme Court and declared constitutional. We first levied 50 cents, then \$1 by a "rider," then \$2, and two years ago \$4. And at that time the Senate, I believe, passed a bill making it \$5; but in conference it was reduced to \$4, even though there were proposals in the House to make it \$25 and bills introduced there to make it \$50.

Complaints are continually coming in about the conditions of the quarters furnished by the steamship companies at Philadelphia, Baltimore, and elsewhere, which have to be investigated and changes made. I have here an extract from the memorandum of Mr. F. H. Larned, Assistant Commissioner-General, who investigated charges about the detention rooms furnished by the steamship companies at Baltimore, which I wish to quote as showing need for an increased tax, and which says:

The reports which have reached the Secretary to the effect that the conditions under which aliens are detained at Locust Point are highly undesirable, are certainly exaggerated, if not wholly untrue. I find, however, that a few changes in the lighting, ventilation, and toilet facilities would be highly desirable, viz, two windows facing south to be in the first story (dining room), and two each, immediately above these, on the second and third floors, to afford more light; a skylight to be added on the third floor for better ventilation, and new ceilings put in; additional windows to be put in the rear part of the building used as a hospital, and the same to be made damp proof; new toilets to be built affording more privacy to both sexes.

RECOMMENDATION.

As the Secretary knows, a bill is now pending in Congress (December 10, 1908) for the construction of an immigrant station at Baltimore. There seems to be no good reason to doubt that Congress will take favorable action on the pending bill in the not very far distant future, the necessity, from the point of view of good and economical administration, for such course being patent, I believe no mistake will be made in allowing the present arrangement to be continued if Mrs. Koether will immediately make the changes in her building above suggested.

F. H. LARNED,
Assistant Commissioner-General.

Here is a newspaper clipping from the New York Times of yesterday, July 7, 1909, which seems to show the need of more funds, a larger force, and additional restrictive legislation and

the heavily fining of the foreign steamship companies for bringing so many admittedly undesirables here:

PLAINT OF ELLIS ISLAND MEN—SO MANY ALIENS TO DEPORT THAT THEY CAN NOT EAT AT HOME, THEY SAY.

The deportation staff at Ellis Island are complaining that owing to the large increase in the number of aliens being sent back they have to work from twelve to sixteen hours daily for \$850 a year.

Last week the number of deportations was 600. To-day 278 aliens will be sent back to Europe. They are distributed among these liners: *Argentina*, 90; *Estonia*, 53; *Lucania*, 41; *Oceanic*, 10; *Pennsylvania*, 84.

The deportation officers on the *Lucania* finished their work at 9.30 o'clock last night, and those on the *Pennsylvania*, at Hoboken, at 10.30 o'clock. They had all begun their duties as early as 6.30 a. m. In addition to the long hours waiting at stations for late trains arriving with immigrants, they say that, as they can not get home, the little money they earn is absorbed by having to buy meals.

I know what the Senator from Rhode Island has risen for, and that is to move to lay the amendment on the table.

Mr. ALDRICH. I move to lay the amendment on the table.

Mr. OVERMAN. I have the floor.

The VICE-PRESIDENT. The Senator from North Carolina has the floor.

Mr. OVERMAN. It is late in the day and in the session, but I want him to listen to me for a moment. I offered this amendment in Committee of the Whole. The Senator from Rhode Island requested that I should not introduce or press it until we came into the Senate. Now, does he think it is fair to move to lay it on the table? I would prefer the Senator to have it given a more fitting disposal. I know he is going to oppose it, in order to further the speedy passage of the pending tariff bill, but I should like to have it referred to the Committee on Immigration, so that it may be carefully considered and taken up at the next and regular session.

Mr. ALDRICH. I have no objection to the reference.

Mr. OVERMAN. I will then move the reference.

Mr. ALDRICH. I am quite willing to have it referred to the committee.

The VICE-PRESIDENT. The Senator from North Carolina moves to refer the amendment to the Committee on Immigration. The question is on agreeing to the motion.

The motion was agreed to.

Mr. OVERMAN. I have recently received many letters, resolutions, and indorsements, some of which I desire to insert in the RECORD—the indorsement of the Locomotive Enginemen, the Brotherhood of Locomotive Firemen, the Brotherhood of Railroad Trainmen, the Knights of Labor, and divers patriotic societies, leagues, and other organizations—which show the universal interest in the question and an enlightened public demand for congressional legislation:

WASHINGTON, D. C., July 7, 1909.

HON. L. S. OVERMAN,
United States Senator, Washington, D. C.

DEAR SENATOR: The organizations I represent have repeatedly given expression favorable to the enactment of legislation restricting foreign immigration; and as an increase in the head tax on aliens would furnish to the Government the funds necessary to a more thorough inspection of immigrants, and thereby better enable it to sift out the undesirable and restricted classes, we therefore favor the amendment offered by you increasing the head tax on aliens from \$4 to \$10, and hope it will be adopted.

Very truly, yours,

H. R. FULLER,
National Legislative Representative Brotherhood of Locomotive
Firemen and Enginemen, Brotherhood of Railroad Trainmen.

OFFICE OF GENERAL MASTER WORKMAN,
ORDER OF KNIGHTS OF LABOR,
Washington, D. C. July 6, 1909.

DEAR SENATOR: The Knights of Labor at its general assembly last November passed a strong resolution in favor of the further restriction of foreign immigration by means of an increased head tax, the illiteracy test, etc., and in favor of the better enforcement of the law.

We are, of course, deeply interested in the adoption of the proposed increase in the head tax on aliens, which is paid by the foreign steamship companies, and upon which depends the amount of money spent by the Immigration Service in the enforcement of the law, etc.

We favor it because it will provide the funds to erect government stations at Boston, Philadelphia, Baltimore, Galveston, San Francisco, and other ports where at present our inspectors are obliged to examine immigrants, not at government-owned stations, but on premises owned and controlled by the steamship companies themselves, since, under existing conditions, all detained immigrants are left in charge of the steamship companies and housed in quarters provided by them and under their immediate supervision. A change in this respect would undoubtedly bring about better results in the care of the immigrants and also in the enforcement of the laws, especially the alien contract-law and the law excluding insane persons, paupers, and criminals.

In behalf of the Knights of Labor, I respectfully beg to call this proposed increase of head tax to your attention, in the hope that you will give it your support and will not allow it to be postponed or ruled out. There is urgent need from every standpoint of its adoption, even though the commission is expected to report next winter. To adopt it will certainly meet the approval of organized labor, which needs the protection.

Very truly, yours,

JNO. W. HAYES,
General Master Workman.

JULY 5, 1909.

SENATOR: The undersigned respectfully beg to call your attention to Senator OVERMAN'S amendment increasing the duty on aliens to \$10. The present duty is \$4, and is "levied upon" and really paid by the steamship companies, because monopoly conditions exist and the traffic is being charged all it will bear—this increase can not be shifted.

While each of our organizations and societies favor the restriction of foreign immigration by means of an economic, educational character, and further physical and mental tests, the proposed increase in the so-called "head tax," but more accurately called a "steamship tax," is favored not because we think there is any restriction in it, but because it would tend to equalize steerage rates, and particularly because it would raise needed funds to warrant the Government in inaugurating a more liberal financial policy in providing facilities at our ports, enlarging the force of inspectors, etc., and in bringing about, and necessary to, a more efficient administration of the law. The United States is at present the cheapest country to come to, which, together with our feeble immigration laws—mere police regulations—and their economical administration, in our opinions, accounts for the large numbers of insane, pauper, and criminal aliens in our public institutions.

During the fiscal years of 1907 and 1908 the total expenditures exceeded the actual receipts in the Immigration Service by \$2,000,000, and resulted in too economical a financial policy, in our judgment. For instance, the appropriation for a government station at Philadelphia was not enough to buy a desirable site. Similarly at Boston, Baltimore also is in great need of a station. At each of these ports immigrants have to be inspected upon the steamship docks, and detained immigrants are left really in the care of the steamships. The prospect seems for even still greater annual expenditures than the over five millions spent in 1908, and in our opinion there is need of an even greater annual expenditure indefinitely.

According to the Immigration Commission's preliminary report, it has completed by this time all of its investigations that would bear upon this matter, and since members of the commission have introduced immigration bills dealing with steerage conditions, immigrant stations, alien criminals, etc., and in view of the fact that Congress doubled the head tax in 1894 by a "rider," we respectfully urge you to give it your powerful support, and assure you it would meet the hearty approval of the many, many patriotic persons represented by us.

Most respectfully,

Jesse Taylor, past secretary national legislative committee, Junior Order United American Mechanics; C. E. Redeker, chairman national legislative committee, Patriotic Order Sons of America; Clarence Gerard, secretary, Immigration Restriction League (Ohio); H. H. Layton, chairman legislative committee, Immigration Restriction League, of New York; George Dietz, secretary, Immigration Regulation League, of Brooklyn; O. D. Hill, assistant secretary, Farmers' National Congress; J. H. Patten, secretary, Immigration Restriction League (Massachusetts); Alfred Taylor, Senior Order United American Mechanics; R. F. Duckworth, legislative agent, Farmers' Educational and Cooperative Union of America.

Mr. GORE. I desire to offer an amendment similar to the one which has just been referred to the Committee on Immigration.

The VICE-PRESIDENT. The amendment will be read.

The SECRETARY. It is proposed to add as section 10½ the following:

SEC. 10½. That all alien immigrants above the age of 15 years who can not write in a legible hand from dictation 50 words from some European language, the words not to be identical in any two cases, shall be required to pay a tax of \$200 before being allowed to enter the United States, and the Secretary of Commerce and Labor is authorized to prescribe suitable rules and regulations and to designate proper officials to carry this provision into effect: *Provided, however,* That nothing in this section contained shall be construed to impair the obligation of any valid treaty now existing between this Government and any foreign power.

Mr. GORE. Mr. President, we have been engaged here for three or four months erecting tariff walls to safeguard the American laborer against the pauper labor of all the earth. If Senators on the other side are in good faith, let us not rear ineffectual walls to keep out goods manufactured by paupers abroad, but let us erect a wall here that will prohibit those paupers themselves from invading this Republic.

Mr. President, I have wondered how long it requires a pauper from Armenia, from Syria, or from Hindustan to become an American laborer after landing upon our shores. I have also wondered, and I have hoped that some Senator on the other side would answer the question, Why it is that an Asiatic or a European pauper when he sets foot upon this land of the free requires protection against the pauper brother, the pauper father, and the pauper son that he left behind him across the sea? Why is it that we should tax the farmers of Kansas, Iowa, and Oklahoma to pension the paupers imported from the four quarters of the earth?

Mr. President, in Massachusetts, one of the States most desirous of protection, 43 per cent of her population by the census of 1900 were foreign born, and in the State of Rhode Island, which has the honor to be represented by the chairman of the Finance Committee, I might say by the entire United States Senate 45 per cent of the population is foreign born, according to the census of 1900. The streets of their cities are vocal with all the tongues that babbled around the ruins of Babel. If that Senator desires to protect American labor against the pauper labor of other countries, I ask him to allow this amendment to be adopted and afford effectual protection to the laborers of the

United States. The refusal or the failure to do so unmasks the hypocrisy of the whole scheme of tariff protection in the name of the American laborer. The laborer is kissed and then betrayed.

The object of the tariff is not to protect or to benefit the American workman; it is not to insure high wages; the object is to insure high profits. It effectually accomplishes that object.

Mr. President, this amendment is taken from the laws of Australia. Great Britain and Japan are allies. Australia is a part of the British Empire, and Japan has not resented the enforcement of that law by her ally. I know there are some American statesmen who look under their beds at night to see whether there is not a Japanese concealed in hiding there. I have no patience with statesmanship of that sort.

I offer this amendment in order to protect our own interests, in order to protect the integrity of our own race so far as that is now possible, in order to safeguard our own destiny, and I offer it without any reference to the number of battle ships which might be mobilized by the commander in chief of any foreign navy.

Mr. ALDRICH. I move to lay the amendment on the table.

Mr. GORE. I should like to have the yeas and nays on that.

The yeas and nays were not ordered.

The VICE-PRESIDENT. The question is on agreeing to the motion to lay the amendment on the table.

Mr. GORE. Mr. President, I should like to have it go to the Immigration Committee. If it can not be adopted, I should like to have it considered by that committee.

The VICE-PRESIDENT. The question is on the motion to lay on the table.

The motion to lay on the table was agreed to.

Mr. BULKELEY. I offer an amendment on page 373, line 14.

The VICE-PRESIDENT. The amendment will be stated.

The SECRETARY. On page 373, line 14, after the word "funds," insert "and all payments actually made within the year to policy holders on account of and under the provisions of these policies."

Mr. CLAPP. I rise to an inquiry. Will the Secretary repeat the line?

The SECRETARY. On page 373, line 14, after the word "funds"—

Mr. ALDRICH. That amendment is not in order. This whole question will be in conference. I suggest to the Senator from Connecticut that he bring it to the attention of the conferees after they are appointed. I shall have to raise the point of order that it is not in order.

The VICE-PRESIDENT. Upon what ground is the point of order made?

Mr. ALDRICH. On the ground that this section has been agreed to in the Senate.

Mr. LODGE. The entire amendment has been agreed to.

The VICE-PRESIDENT. The Chair sustains the point of order.

Mr. BULKELEY. I move to reconsider the section.

The VICE-PRESIDENT. That motion is in order.

Mr. ALDRICH. I move to lay the motion to reconsider on the table.

Mr. BULKELEY. I think I have the floor.

The PRESIDING OFFICER (Mr. CARTER in the chair). The Senator from Connecticut.

Mr. BULKELEY. I had printed in the RECORD a few days ago a statement showing how, under the terms of this bill, it might be construed with the proper deductions, in order to ascertain the net income of the insurance companies—

Mr. ALDRICH. Mr. President, I dislike to raise another question of order, but I think the Senator from Connecticut voted against the adoption of this section in the Senate, and therefore he is not eligible to make a motion to reconsider under the rules of the Senate.

Mr. BULKELEY. The Senator is mistaken.

Mr. ALDRICH. I think the Senator voted against the adoption of this section.

Mr. BULKELEY. The RECORD will show whether I did or not, if it was a yea-and-nay vote.

Mr. ALDRICH. The Senator from Connecticut knows whether he voted for it or not.

The PRESIDING OFFICER. Did the Senator from Connecticut vote for or against the amendment?

Mr. BULKELEY. I am not certain how I voted. There were amendments accepted by the Senator from Rhode Island which relieved it of some objections.

Mr. ALDRICH. On the whole corporation-tax amendment?

Mr. BULKELEY. On the whole corporation-tax amendment I possibly did. I think I did.

The PRESIDING OFFICER. In that event—

Mr. BULKELEY. But this is an amendment—

The PRESIDING OFFICER. The point of order made by the Senator from Rhode Island is sustained.

Mr. BULKELEY. I desire while I am on the floor to offer further amendments.

The PRESIDING OFFICER. The amendment presented by the Senator from Connecticut will be read by the Secretary.

Mr. BULKELEY. These are in accord with the amendments that were accepted by the committee yesterday, simply to fill two or three places which are required to keep the bill in accord. On page 373, line 21, after the word "State," I would ask to have inserted "municipality."

Mr. ALDRICH. That has already been done. I make a point of order against the amendment.

Mr. BULKELEY. It has not been done in this connection.

Mr. ALDRICH. Then I make the same point of order. That can be attended to in conference. It is not necessary to make the amendment here.

Mr. FLINT. The bill will be made uniform. Where the word "municipality" should appear it will be included.

Mr. BULKELEY. I only want to call attention to it so that it will not be forgotten. Also on page 377, line 18, strike out the word "premium" and also strike out the word "fund" and insert "funds."

Mr. ALDRICH. That is subject to the same point of order, and it is subject also to the suggestion that the provisions will be made uniform in conference.

The PRESIDING OFFICER. The Chair understands the Senator from Connecticut is merely making suggestions to the committee, and that he is not presenting any amendment to be voted upon.

Mr. BULKELEY. I send those to the desk and ask to have them inserted in the RECORD.

The PRESIDING OFFICER. If there be no objection, the proposed amendments will be printed in the RECORD as requested by the Senator from Connecticut.

The amendments are as follows:

Page 373, line 21, after the word "State," insert "municipality."
Page 377, line 18, strike out the word "premium;" also strike out the word "fund" and insert "funds."

The PRESIDING OFFICER. The question is, Shall the amendments be engrossed and the bill read a third time?

Mr. ALDRICH. The Senator from Wisconsin [Mr. LA FOLLETTE] has some amendments to offer.

Mr. NELSON. Has the bill been read a third time?

Mr. ALDRICH. No; the Senator from Wisconsin has some amendments.

Mr. LA FOLLETTE. Mr. President, I had expected to submit some remarks upon the bill at this time, reviewing generally the schedules and laying before the Senate the changes made first by the House bill as compared with the existing law and the changes in the Senate bill as compared with the House bill. However, because of the speed with which the Senate is disposing of the bill, the Bureau of Statistics could not furnish the necessary data in time to enable me to place before the Senate and the country in detail the changes which have been made in the pending bill as compared with existing law and as compared with the bill as passed by the House.

I brought the matter to the attention of the chairman of the Committee on Finance this afternoon, and he agreed with me that a table similar to the table which I submitted during the consideration of the cotton schedule should be prepared and presented to the Senate. The table which I presented was prepared by the Bureau of Statistics, and it instituted a comparison of the Payne tariff bill with the present tariff law, showing the value of imports and duties collected as reported for the year ending June 30, 1907, compared with estimated duties under the proposed bill in the Senate as reported from the Finance Committee, United States Senate, grouped to show separately the value of imports on which the duties are unchanged, increased, or decreased, and the percentages of increase or decrease.

It is known as "Document No. 77." The chairman of the Finance Committee assented to a proposal which I made to him that the dates agreed upon in conference should be extended in this table and be reported to the Senate with the conference report, so that the Senate might know what increases have been made.

Mr. ALDRICH. Mr. President—

Mr. LA FOLLETTE. Just a moment. Also the decreases and the percentages of increase or decrease in each case as computed by the Bureau of Statistics.

Mr. ALDRICH. I will say to the Senator from Wisconsin that I did not intend to say that they should be a part of the

conference report, but they will be submitted by the Finance Committee at the time—

Mr. LA FOLLETTE. At the same time?

Mr. ALDRICH. At the same time.

Mr. LA FOLLETTE. I perhaps misstated the understanding. I do not know that it is necessary, Mr. President, to have that agreed to as a unanimous-consent agreement.

Mr. ALDRICH. I think not; because a large part of the data are already in the hands of experts.

Mr. LA FOLLETTE. Yes; I know that is so, because I have placed a portion of it in the hands of the Bureau of Statistics; and if the changes as made by the conferees are reported from time to time to the Bureau of Statistics, that bureau will be able to furnish the conferees with a complete report, by table, of all the changes made as the conferees go forward with their work.

So, Mr. President, with that statement and with that understanding, I shall curtail what I had intended to say at this time, and withhold a review of the schedules of this bill and the changes which it makes until such time as the bill shall be reported from the conference committee. We will know then what we finally have to pass upon.

However, at this time I do wish to submit to the Senate, first, some amendments to the administrative features of the bill, which I deem to be very important. I am sensible of the fact, Mr. President, that the Senate is overworked, and I am not going to press for extended discussion or for a record vote upon each one of those amendments. I have one amendment upon which I shall ask a record vote and upon which I trust the chairman of the Finance Committee will not deem it to be his duty, in advancing the consideration of this bill, to move to lay on the table, as I should like to have, if I may have, a direct vote upon it.

The amendment which I first wish to submit to the Senate and as to which I shall make a very brief and very succinct statement—and in order that it shall be brief and shall be succinct I have dictated it, so that it can not take but a moment of time. I submit, first, with respect to the administrative features of the bill, the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment proposed by the Senator from Wisconsin will be stated.

The SECRETARY. It is proposed, on page 322, line 8, to strike out the word "thirty;" and, in line 9, to substitute the word "July" for "March," so that the section shall read:

That from and after the 1st day of July, 1910—

And so forth.

Mr. LA FOLLETTE. Mr. President, the object of this amendment is to give the President sufficient time to negotiate commercial treaties with foreign nations. The bill in its present form allows the President only five months within which to negotiate commercial treaties with the countries of the entire world, a task which is beyond the powers of the Department of State or a special commission which may be appointed by the President under authority vested in him by this bill. I say five months, because, while eight months are allowed before the maximum rates are to go into effect, yet by the provision in lines 14 and 15, page 323, which provides that the minimum rates shall go into effect ninety days after the proclamation to this effect has been issued by the President, this makes it necessary that all treaties shall be concluded at least three months before the 31st day of March, under the terms of the present bill. If, for instance, a treaty were to be concluded on the 15th day of March, and the proclamation issued to that effect by the President, the minimum rates would not be put into effect before the 15th day of June, thus subjecting imports of the foreign country in question to the maximum rates of the tariff for two and one-half months through no fault of either party to the agreement. Such a situation would be extremely dangerous to all interests involved, and it would naturally lead to retaliation on the part of foreign countries and the imposition of maximum rates upon American products.

I have therefore offered an amendment substituting July 1 for March 31 for putting the maximum tariff into effect. Although this would apparently leave the President eleven months' time in which to negotiate commercial treaties, it will, as a matter of fact, mean only eight months, in view of the ninety-day provision referred to before.

Mr. ALDRICH. I will say to the Senator from Wisconsin that that provision of the bill was changed to-day.

Mr. LA FOLLETTE. I did not know that.

Mr. ALDRICH. Yes, it has been—

Mr. LA FOLLETTE. What was the change made?

Mr. ALDRICH. So that it goes into effect at once.

Mr. LA FOLLETTE. That probably makes unnecessary the amendment which I have offered.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Wisconsin.

Mr. SHIVELY. That is the change made this afternoon by my amendment. It provided, or the effect of it is, that immediately upon the issue of the proclamation in favor of the minimum rates they will go into effect. But the other provision, further along in section 2, requiring ninety days after the President shall have issued his proclamation to elapse before the maximum rates go into effect, remains the same, and that is as it should be.

Mr. LA FOLLETTE. I think that is true; and I withdraw the first amendment which I have offered.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. LA FOLLETTE. The next amendment which I desire to submit to the Senate is on page 326, line 3, where I move to strike out the words "reduced rates of duty named in" and to substitute the words "the terms of." I send the amendment to the desk.

Mr. ALDRICH. As to that, I think the Senator may be mistaken.

The PRESIDING OFFICER. The amendment proposed by the Senator from Wisconsin will be stated.

The SECRETARY. On page 326, line 3, it is proposed to strike out the words "reduced rates of duty named in" and in lieu thereof to insert the words "the terms of," so that it will read:

As the high contracting parties may by mutual consent select, the terms of said commercial agreements shall remain in force—

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Wisconsin.

Mr. LA FOLLETTE. Mr. President, I desire to say on that amendment just this: As thus amended the act will provide for the retention not only of reduced rates provided for in the agreements, but also of their administrative features.

The object of this amendment is to enable the Government of the United States to abide by all the provisions which it has consented to put into effect by the terms of some of those commercial treaties. The agreement with Germany, for instance, provides not only for reduced rates of duty, but also for certain administrative features which it is our duty to retain in force during the life of the agreement as a matter of good faith.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Wisconsin.

Mr. ALDRICH. I have no objection to that amendment. It leaves the matter in conference and, I think, has the same effect as the language already in the bill.

The amendment was agreed to.

Mr. LA FOLLETTE. On page 323, line 21, after the word "act," I move to insert:

The President is also authorized, in return for special reductions from the existing tariffs of foreign countries on agricultural, manufactured, or other products of the United States, to grant additional reductions of duty, which in no case shall exceed 20 per cent of the rates provided for in the tariff act of July 24, 1897.

Mr. ALDRICH. That certainly can not be agreed to, Mr. President. Is that one of the amendments on which the Senator from Wisconsin desires a yea-and-nay vote?

Mr. LA FOLLETTE. No; I am not going to ask for a yea-and-nay vote on that amendment; but I wish to make a brief statement, and then I shall ask that the vote of the Senate be taken upon it without asking for the yeas and nays.

The object of this amendment is to enable the President to obtain special concessions on American products in foreign countries on which no minimum rates are provided in the existing tariffs of foreign countries, or on which the minimum rates of those countries are not sufficiently low.

This amendment authorizes the President to reduce existing rates to an extent not exceeding 20 per cent of these rates. It revives, as Members of the Senate will remember, the provisions of section 4 of the Dingley Act for all those articles on which rates have not been reduced to the extent of 20 per cent in the bill now under consideration. It therefore calls for no greater reduction of duty than Congress authorized twelve years ago in enacting the Dingley law. On the other hand, it will give the President the means to obtain special reductions in favor of American products which he will otherwise be unable to obtain.

If this amendment is embodied into the law, tariff wars with some of the countries, which are now extremely probable, will become impossible. On the other hand, it would not only secure to the products of America all existing minimum tariffs, but would enable the President to secure further reductions on special American products which are not adequately treated in the tariffs of foreign countries.

The VICE-PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wisconsin.

The amendment was rejected.

Mr. LA FOLLETTE. On page 344, line 15, beginning with the last word, the word "such," strike out the remaining portion of section 11, and substitute the words which I send to the desk.

The VICE-PRESIDENT. The amendment will be stated.

The SECRETARY. On page 344, section 11, in line 15, after the word "officer," strike out "such" and the remainder of the section, and in lieu thereof insert the following:

by reason of the fact that such merchandise is either manufactured exclusively for export or is sold in the home market only in limited quantities, then the export price of said article shall be taken as a basis in ascertaining actual market value.

Mr. LA FOLLETTE. I want to submit just a word or two on that amendment. It will take but a moment to do it. These amendments have been very carefully wrought out, and, with all modesty, I venture to say that, if in the pressure of this debate they can not receive the consideration to which they are entitled, they will come back again to invite the consideration of Senators and of the Senate as a body. This proposed amendment reenacts what are known as the provisions of the German commercial agreement.

It had the indorsement of the experts of the Treasury Department, the Department of Commerce and Labor, the former Secretary of State, who is now a Member of this body [Mr. Root], and the Attorney-General of the United States, before it was put into effect by the President of the United States.

The amendment which I propose here, let me say to Senators, is to take the place of this new scheme of valuation, which will be found to be a new means of adding very greatly to the rates fixed by this bill when it shall have gone into operation. These rates, which have been the subject of such contention here on this floor for the last three months, are to be enhanced and increased by various provisions of this bill, changes from ad valorem to specific and changes from specific to ad valorem rates, where the increases are not disclosed. Yet, in addition to all that, you will find when this new system of applying the ad valorem rates to the valuation under subdivision 11, which I now propose to amend, shall have gone into effect, that it will increase tremendously the rates beyond anything which the Senate now has in mind. I have proposed an amendment which is to sweep that aside, which is to take even the bad provisions of the McKinley Act, which have been aggravated and intensified by the new proposals made in this bill, sweep all that aside and substitute for it that which has been agreed to already by the Roosevelt Administration, that which was sustained and approved by the State Department and by the Department of Commerce and Labor as the true basis for the valuation of foreign imports.

I repeat, that the amendment, exactly as I have offered it here, will defeat a covert plan to greatly increase the rates, and had the indorsement of the tariff experts of the whole Treasury Department, the Department of Commerce and Labor, the Secretary of State, and the Attorney-General of the United States before it was put into effect by the President.

Contrary to the assertions of those opposed to it, it does not expose the Treasury to dangers of fraud by undervaluation because of the many safeguards against undervaluation contained in the customs administrative act.

It has worked successfully for the past two years as applied to the imports from all the important commercial countries.

If anybody challenges that on this floor to-day, I refer him to the testimony of the Treasury experts taken before a subcommittee of the Finance Committee of this Senate, which has never been printed. I warn the Senate here to-night that you are about to adopt provisions in this bill which mean great advances in these rates and which will be prevented if you accept the amendment here proposed and which has been adopted and approved by the Treasury Department, by the State Department, and by the Department of Commerce and Labor.

The use of open-market prices in the markets of the United States as a basis for the imposition of duties is impracticable. Yet that is what it is proposed to do according to this new provision. It is impracticable for the following reasons:

(1) No uniform prices are published.

(2) Public-price quotations are fictitious, serving generally as a basis for bargaining between private parties; and are invariably subject to considerable discounts, which are made confidentially, as every man in trade knows, in proportion to the size of the order and the importance of the customer.

(3) It would place the imposition of duties in the hands of the very people who are interested in keeping out importations and in preventing competition with foreign countries.

I do not know whether the Senate has followed the reading of section 7 and analyzed it with any care. Under certain conditions, which now obtain very largely in trade, it hands over the valuation and the standards to be accepted at the New York custom-house to the merchants and manufacturers of this country, enabling them to fix the standard of value as the basis upon which the rates are to be established for imports at the New York and other custom-houses.

Mr. SHIVELY. That is to say, the beneficiaries of these high rates fix the basis of valuation upon which competing goods are to be imported?

Mr. LA FOLLETTE. That is true, and invariably, Mr. President. The custom-house officials will be obliged, in order to obtain information as to the current prices obtaining with respect to a given importation, to appeal to these manufacturers for testimony and for information upon which to fix the valuation upon the imports.

Mr. SHIVELY. That is, the valuation on a competing article?

Mr. LA FOLLETTE. The valuation on a competing article. It will be fixed by men upon whom there are no restraints. If the importer undervalues that which he is trying to import into the country, certain penalties are prescribed by the law. But if these men, who are his competitors in the markets of this country, are called in to fix the market price which shall be taken, under certain conditions, according to the terms of the bill, as the basis for fixing rates, no penalty attaches to what these competitors of his may say or do in establishing the market prices which shall thus be taken as the basis for fixing the duties.

The bill places no limitations upon false overvaluation for the purpose of the imposition of unreasonable duties, since it provides no penalties for such offenses. In other words, while the importer is deterred from undervaluation by the penalties provided for such offenses, such as the danger of confiscation of his goods and criminal prosecution for fraud, there is no penalty provided for false excessive valuation on the part of the domestic producer.

Furthermore, the proposed amendment does away with the ascertainment of the cost of production of articles in foreign countries; and it takes away from the customs officers the arbitrary power of adding from 8 to 50 per cent to the cost ascertained by them as provided under existing law.

There is not a civilized country in the world which has such provisions as are proposed in the bill we are now considering.

It is impractical, because it imposes upon the confidential agents of the Treasury Department the impossible task of ascertaining a most complicated set of facts in a foreign country, where they have no power to summon witnesses or to call for the production of books. Therefore at the best there work will be only guesswork, and this will bring the name of the United States into disrepute in foreign countries.

This practice was condemned by the tariff commission which was sent by President Roosevelt to examine into the German commercial situation. This condemnation was shared by the then Secretary of State, Mr. Root, and by the President, who voiced it in the following language in the message of transmittal which he sent to this body on January 22, 1908:

This careful examination into the tariff relations between the United States and Germany involved an inquiry into certain of our methods of administration which had been the cause of much complaint on the part of German exporters. In this inquiry I became satisfied that certain vicious and unjustifiable practices had grown up in our customs administration, notably the practice of determining values of imports upon detective reports never disclosed to the persons whose interests were affected. The use of detectives, though often necessary, tends toward abuse, and should be carefully guarded.

I wish to add to that a practical statement by a business man. I have here a communication received from a Milwaukee merchant bearing upon this provision—a provision which stands by itself, unique, with no companion piece in all the legislation of all the civilized countries of the world. This letter, as I say, is from one of the leading merchants of Milwaukee, John P. Miley, president of the G. M. Barrett Company:

MILWAUKEE, June 12, 1909.

Hon. ROBERT M. LA FOLLETTE,
United States Senate, Washington, D. C.

DEAR SIR: Section 11 of the administrative features of the tariff bill now before Congress provides that the wholesale selling price in the United States, without deduction for the wholesaler's expenses or profits, shall be used as a basis for the assessment of duties, unless the merchandise is actually sold or freely offered for sale in usual wholesale quantities in the open market or the country of exportation to all purchasers.

Under modern commercial conditions, as you know, practically no merchandise is freely offered for sale to all purchasers, many of the well-known lines being handled by one or more distributors, whether as agents or otherwise. It is essential, therefore, for us, as well as all other dealers, that this section be amended in two respects:

1. By inserting words making it perfectly plain that whenever a foreign market value can be ascertained, foreign market value shall

be used as a basis for the assessment of duties, as has always been the case heretofore and not the American selling price. Otherwise, the result will be:

(a) That the duty will not be collected uniformly, as the individual collectors at the different ports of entry would have to decide whether an article is freely offered for sale to all purchasers or not, and in one port it might pay duty on the foreign market value while at another port duty would be collected on the American wholesale market price.

(b) The duty would be assessed on a higher value on an article sold to one or few purchasers than on a similar article of the same value sold to all purchasers.

(c) Many lines bearing well-known trade-marks would pay a higher duty than similar lines of the same intrinsic value.

(d) Since the wholesale selling price differs for same or a similar article of the same value between different importers in the same city, but even more so when the importers are located in different cities, the result would be that the duty assessed on the wholesale American selling price would vary also, there being no uniform wholesale American selling price on any one article.

But if section 11 is amended as suggested under heading 1, it will be necessary to further amend it:

1. By inserting words making it perfectly plain that when no foreign market value can be established, and the American wholesale value is applied as the dutiable amount, due allowance be made not only for the duty, cost of transportation from point of purchase to point of delivery, but also for a proper deduction from the American wholesale price, for general expenses incurred in this country, as well as the wholesaler's profit, because—

(a) Otherwise the purchaser would be forced to pay an import duty on these general expenses in the United States, such as wages, traveling, rent, etc., as well as on his profit, which is certainly unjust.

(b) The failure to provide for a deduction of such general expenses and the wholesaler's profit is a discrimination against purchased goods as compared with consigned goods. From the price of consigned goods, according to the proposed section, a commission of 6 per cent may be deducted if paid or contracted to be paid, while no provision for any deduction is made on purchased goods.

(c) The result would be that a higher rate of duty would actually be imposed than is provided by the various schedules, the rates in the tariff bill being based on the foreign market value.

You can readily see that when buying an import it would in many instances be uncertain whether upon arrival of the goods the duty would be assessed on the foreign market value or on the American selling price, with the result that on many lines no importer could quote fixed selling prices, and this uncertainty would embarrass the purchaser as much as the importer.

Were the duty assessed on the American market value without deduction of the general expenses and profit of the importer, the selling price of any such article would have to be advanced accordingly.

Yours, truly,

G. M. BARRETT CO.,
J. P. MILEY.

I read that communication not because I expected, if this section were to be amended at all, that the suggestions made in it would have any weight with the Senate, but simply to show what would be necessary in the way of amendment, if we were to adopt the provision of the bill, in order to make it adjust itself fairly and decently to the trade conditions of the country. Therefore, Mr. President, it seems to me that the only fair and just change which can be proposed in the pending section is to adopt the provisions embraced in the amendment I have sent to the desk; and I ask for a vote upon the amendment.

The VICE-PRESIDENT. The question is on agreeing to the amendment submitted by the Senator from Wisconsin.

The amendment was rejected.

Mr. LA FOLLETTE. Mr. President, I rather suspected it would be rejected. I now propose an amendment to which I beg the consideration of the Senate, and upon which I shall ask, of course always with the indulgence of the chairman of the Finance Committee, a yea-and-nay vote.

The VICE-PRESIDENT. The Secretary will state the amendment.

The SECRETARY. It is proposed to strike out all after the word "otherwise," on page 324, and to substitute the following:

That a commission is hereby created and shall be known as the tariff commission, which shall be composed of nine commissioners, who shall be appointed by the President, by and with the advice and consent of the Senate. The commissioners first appointed under this act shall continue in office for the terms of three, four, five, six, seven, eight, nine, ten, and eleven years, respectively, from the 1st day of January, A. D. 1910, the term of each to be designated by the President; but their successors shall be appointed for terms of ten years, except that any person chosen to fill a vacancy shall be appointed only for the unexpired term of the commissioner whom he shall succeed. Any commissioner shall be removed by the President for inefficiency, neglect of duty, or malfeasance in office. No person shall be eligible to appointment as a commissioner under this act who is a Senator or Representative of the United States or is a Senator or Representative elect of the United States at the time of his appointment. Not more than four of said commissioners shall be members of the same political party. One of said commissioners shall have a practical knowledge of the manufacturing industry; one of said commissioners shall have a practical knowledge of agriculture; one of said commissioners shall have a practical knowledge of the import business; one of said commissioners shall be a representative of labor; one of said commissioners shall be a lawyer who has made a special study of the tariff laws and customs practice in the United States; one of said commissioners shall have made a special study of domestic and foreign tariffs and commercial reciprocity; one of said commissioners shall be an eminent economist who has made a special study of wages and cost of production. No vacancy in the commission shall impair the right of the remaining commissioners to exercise all the powers of the commission. Each commissioner shall receive a salary of \$10,000 per year.

That said commission as soon as qualified shall without delay meet for organization in the city of Washington, in the District of Columbia, and it shall organize by the election of one of its number to be

chairman and one of its number to be vice-chairman. The commission shall appoint a secretary and such other employees as it may find necessary to the proper performance of its duties and fix the salary or compensation of each. Until otherwise provided by law, the commission may select and rent suitable offices for its use, and shall have authority to procure all necessary office supplies. The expenses of the commission, including necessary expenses for transportation incurred by the commissioners or by their employees under their orders, in making any investigations, or upon official business in any other place than the city of Washington, shall be allowed and paid upon presentation of vouchers therefor, approved by the chairman of the commission. The principal office of the commission shall be in the city of Washington, where its general sessions shall be held; but whenever the convenience of the public or the commissioners may be promoted or delay or expense prevented thereby, the commission may hold its sessions in any part of the United States. It may, by one or more of the commissioners or its employees, prosecute any inquiry necessary to the performance of its duties in any part of the United States or in any foreign country: *Provided*, That not more than four members of said commission shall be absent from the United States at one time.

That the commission hereby created shall have authority and it is hereby directed to ascertain the difference in the cost of producing articles of the same, or substantially the same, quality and kind in this country and in competing foreign countries. The commission in such investigation shall ascertain, in connection with the several articles covered by its reports in the United States and in competing foreign countries, the wages, the hours of service, and the efficiency of labor employed, and the standards of living of such laborers. The commission shall ascertain the cost of raw material, the cost of labor, the fixed charges, depreciation upon the true value of the capital invested, and all other items necessary to determine the true cost of the finished product. Said commission shall ascertain the market conditions and the prices at which protected products of the United States are sold in foreign countries as compared with the prices of products sold in the United States. The commission shall investigate the effect of transportation rates upon the markets and prices of dutiable products, the relation between government revenues and tariff schedules, and shall, pursuant to the purposes of this act, in so far as practicable, make an investigation of all questions and conditions relating to the agricultural, manufacturing, mining, commercial, and labor interests with reference to the tariff schedules and classifications of the United States and of foreign countries. Said commission is authorized to call upon any department or officer of the Government for any information in the possession of such department or officer and relating to any subject under investigation by said commission. It shall be the duty of such department or officer to furnish the information required. It shall be the duty of said commission upon petition, or upon its own initiative by one or more of its members, from time to time to hold hearings at such places as it may designate to determine industrial, commercial, and labor conditions in relation to the tariff. Such investigation shall be public, except as otherwise provided herein. The commission shall, whenever practicable, give at least ten days' public notice of any and all hearings, and at any such hearing, whether undertaken upon the initiative of the commission or upon petition, any person may appear before said commission and be heard, or may be represented by attorney, and may file any written statement or documentary evidence bearing upon any matter it may have under investigation: *Provided*, That said commission in any investigation may, upon the request of any witness examined as to any secret process used in the production of any article, take such evidence at a secret session: *And provided*, That the testimony of any witness in regard to any secret process shall not be reduced to writing, but that all other testimony shall be reduced to writing for the guidance of the said commission in arriving at conclusions and making reports to Congress. A majority of the commission shall constitute a quorum for the transaction of business. Said commission may from time to time make or amend such general rules or orders as may be requisite for the orderly regulation of proceedings before it, including form of notices and the service thereof. Every vote and official act of the commission shall be entered of record. Any of the members of the commission or its secretary may administer oaths and affirmations and sign notices.

That for the purposes of this act, in the case of articles on the dutiable list and such other articles as the commission may decide to investigate with a view to determine whether it shall recommend that the same be placed upon the dutiable list, the said commission is authorized to require of any person, firm, copartnership, corporation, or association producing any such article or articles the production of all books, papers, contracts, agreements, invoices, inventories, bills, and documents of any such person, firm, copartnership, corporation, or association, and make every inquiry necessary to a determination of the value of such property. Said commission is authorized to require by notice the attendance and testimony of witnesses and the production of all books, papers, contracts, agreements, inventories, invoices, bills, and documents relating to any matter pertaining to such investigation. Such attendance of witnesses and the production of such documentary evidence may be required from any place in the United States at any designated place of hearing, and witnesses shall receive the same fees as are paid in the federal courts. In case of failure to comply with such a notice, or in case any person, firm, copartnership, corporation, or association shall fail to comply with any of the requirements of this act, the said commission shall make a report to Congress of such failure, specifying the names of each person, the individual names of such firm or copartnership, and the names of the officers and directors of each such corporation or association guilty of such failure, and such report shall specify each particular in which such person, firm, copartnership, corporation, or association has failed to comply with such requirements, and shall also specify the article or articles on the dutiable list produced by such person, firm, copartnership, corporation, or association and the tariff schedule which applies to each such article. The information as to costs of production secured under the provisions of this section from any person, firm, copartnership, corporation, or association shall not be disclosed to any business competitor or rival of such person, firm, copartnership, corporation, or association.

That the commission shall ascertain whether any persons, firms, copartnerships, corporations, or associations engaged in the production or sale of any dutiable article cooperate by agreement or arrangement of any kind to control production, prices, or wages in the United States, or to control prices in any foreign market. The commission shall also ascertain whether any person, firm, copartnership, corporation, or association owns or controls such a proportion of any dutiable product as to enable such person, firm, copartnership, corporation, or association to control production, prices, or wages in the United States or to control the price of such product in any foreign market. In making such investigations the commission shall give notice thereof in writing

to such person, firm, copartnership, corporation, or association and afford an opportunity for the parties to present testimony and to be heard in person or by counsel. Whenever there exists any such agreement or arrangement by which any person, firm, copartnership, corporation, or association owns or controls such a proportion of any domestic article named on the dutiable list as to control the market price of such article, and any undue advantage is taken in the exercise of such control, then, in either case, the imposition and collection of the duties on the similar imported article provided by existing law shall be suspended, and such article shall be admitted free of duty if the cost of labor of the domestic article does not exceed that of the foreign article. If the cost of labor does exceed that of the foreign article, such article shall be subjected to a rate of duty equivalent to the difference in the cost of labor of the domestic and foreign article: *Provided*, That in case the price of the raw material entering into the composition of any such article is not controlled by agreement or arrangement, the difference between the domestic and foreign cost of the raw material shall be added to the difference in the cost of labor in order to determine the rate of duty. In the execution of the foregoing, whenever the commission shall find that there exists any such agreement or arrangement by which any person, firm, copartnership, corporation, or association owns or controls such a proportion of any domestic article named on the dutiable list as to control the market price of such article, the commission shall ascertain the difference, if any, in the cost of labor of the domestic and foreign article, and also the difference, if any, between the domestic and foreign cost of the raw material entering into the composition of such article, provided the price of such raw material is not controlled by agreement or arrangement between parties, firms, copartnerships, corporations, or associations, or by any person, firm, copartnership, corporation, or association. In pursuing such investigations the commission shall begin with the primary industries producing iron ore, coal, lumber, and other raw material from the natural resources of the country, and shall proceed in consecutive order, as nearly as practicable, from the industries producing raw material to the industries producing finished products. The commission shall immediately report its findings and the evidence to the President in the order of the industries as herein provided, and the President shall forthwith, and he is hereby authorized and empowered to, suspend, by proclamation to that effect, the imposition and collection of the duties provided by law on the articles in said industries, and thereupon and thereafter, as the case may be, said articles shall be admitted free of duty or the duties levied, collected, and paid upon such articles shall be the amount of the difference in the cost of labor as determined by the commission, and in addition thereto the amount of the difference between the domestic and foreign cost of the raw material as determined by the commission under the conditions and in accordance with the provisions hereinbefore specified. Said suspension or reduction of duty or duties caused by proclamation of the President shall remain in force until removed or modified by Congress.

That said commission shall make annual reports to Congress of its investigations and recommendations, together with the testimony and information on which such recommendations are based, and such special reports as it may deem advisable. The testimony and information so reported shall be accompanied by a complete topical digest or analysis and by a topical index of all the testimony taken during the period covered by the report. Said reports, with the accompanying testimony, records, and digest, shall be printed as public documents. The annual report shall be published and ready for distribution on the first Monday of December of each year.

That at all times during the session of Congress a majority of said commission shall be on duty in the city of Washington for the purpose of furnishing information and advice to Congress.

Mr. LA FOLLETTE. Mr. President, I will not detain the Senate with an extended discussion of this proposed amendment. I know that it will be rejected by the Senate. Those who control are opposed to a tariff commission. I do want to say that I trust no Member of this body who is in favor of the establishment of a commission or anything approaching a commission will be misled into supporting the proposition contained in the bill as anything approaching or intended to approach the creation of a commission with power to make an investigation that shall be helpful in future tariff legislation.

I am going to take the time to say that it is not the purpose of the chairman of the Finance Committee that there be any legislation establishing a tariff commission, or anything akin to a tariff commission, that will make any substantial change in the present method of tariff legislation. When the amendment offered by the Senator from Iowa was pending—

Mr. ALDRICH. Mr. President—

Mr. LA FOLLETTE. In just a moment. The Senator from Rhode Island, referring to the time when it had been offered previously—that is, when the Mills bill was pending in 1888—said with respect to the amendment of the Senator from Iowa, and I am not going to misrepresent the Senator from Rhode Island:

There was not a member of the committee for it, and I do not believe a member of the committee would now be for it.

Then he proceeded to state his reasons for his opposition to that amendment. I quote his statement just as he made it on the 3d day of July, recorded on page 4089 of the CONGRESSIONAL RECORD. He said:

It would of course open up indefinite and perpetual tariff agitation.

That is, the amendment offered by the Senator from Iowa. And I intend to dissect that amendment and compare it with the proposition embodied in this bill, so that the Senators may know, in following the Senator from Rhode Island on this proposition, what they are standing for and just what they are likely to get. I want to suggest that other legislation must follow that which is embodied in this section, if the proposition for the appointment of this so-called "commission" is to be made effective.

There must be legislation clothing this commission with power, defining its duties; and if anyone other than clerks in the Treasury Department is called into this service, there must be an adequate appropriation.

Mr. ALDRICH. Will the Senator from Wisconsin yield to me?

Mr. LA FOLLETTE. Certainly.

Mr. ALDRICH. The duties of the commission, the parties to be named by the President, are defined in the act. They will also be defined by the President; and so far as appropriations are concerned, the appropriations will undoubtedly be made. This proposition was put into the bill in good faith. It was agreed to by the Senator from Indiana [Mr. BEVERIDGE], who aided in the preparation of it, and it covers all the suggestions and the requirements of the various organizations that have been asking us to provide for the appointment of a commission of this kind.

Mr. LA FOLLETTE. Now, Mr. President, I was not disposed to extend unduly the discussion on this subject.

Mr. BEVERIDGE. Mr. President—

Mr. LA FOLLETTE. I think—

Mr. BEVERIDGE. Will the Senator permit me just a moment?

The VICE-PRESIDENT. Will the Senator from Wisconsin yield to the Senator from Indiana?

Mr. LA FOLLETTE. In a moment.

The VICE-PRESIDENT. The Senator declines to yield for the present.

Mr. LA FOLLETTE. In a moment I will yield to the Senator from Indiana with very great pleasure. What this proposed legislation will do is to be determined by the language embodied in that provision. No larger powers can be conferred upon those who are to be appointed under it. Those are provided for there, and I am going to take that up in a moment. I am going to analyze it.

Mr. BEVERIDGE. The only reason why I wanted to interrupt the Senator in this particular instance was to note the statement of the Senator from Rhode Island concerning the certainty of an adequate appropriation, which I was delighted to hear made.

Mr. LA FOLLETTE. I was very glad to hear that declaration myself, and proposed to make such further reference to it as to prevent the possibility of its being forgotten hereafter. I am glad to have everything pertaining to the so-called "commission" provided for in this bill strengthened, because I do entertain the opinion that the Senator from Rhode Island is not as much in favor of a tariff commission as the Senator from Indiana and myself, and I believe the great majority of Senators on this floor are in favor of a commission the members of which shall be required to have certain qualifications fitting them for the service in order to be appointed to such a body, a commission that shall have duly and specifically defined duties and authority.

Mr. President, if it is worth while to appoint a so-called "tariff commission," it is worth while to do a thoroughgoing job when we are at it. No more important commission has been under consideration in this or any other Congress. I will not except the Interstate Commerce Commission with all its vast powers, dealing, as it does, with railroad rates which concern the people of this country to the measure of about two thousand million dollars annually. That commission is not so important, in my opinion, as a tariff commission endowed with proper authority; not a commission that shall come in and take away from the Congress of the United States its authority to make laws any more than a railroad commission shall come in and take away from the Congress of the United States its authority over matters of interstate commerce.

Mr. HALE. Mr. President—

The VICE-PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Maine?

Mr. LA FOLLETTE. I do.

Mr. HALE. I want to say for myself that I do not understand the provisions reported by the committee upon this bill in any way constitute a tariff commission. In my belief the wit of man can not devise any scheme that will keep the country constantly agitated over tariff issues that will be so bad and involved in its operation as a tariff commission such as the Senator from Wisconsin is earnestly and honestly for. I do not believe such a commission would either be valuable in aiding Congress when the time comes in tariff legislation, which ought not to be often, but at far separated spaces of time. I do not think such a commission would ever, in any way, help Congress in working out a proper result.

If I believed that the provisions of the bill would do anything more than allow the President to appoint experts that from time to time will report, and if necessary be sent to Con-

gress by the President, and that it would be a commission with authority such as the Senator wants, I would not vote for the proposition.

Mr. LA FOLLETTE. Mr. President, may I just ask the Senator from Maine before he takes his seat to define what he conceives to be the sort of commission that I want? We may be at cross purposes, and I should like to know what he believes to be an impossible commission such as he said I desired. What powers does the Senator from Maine think I would have conferred upon a tariff commission?

Mr. HALE. I think the Senator, whether he realizes it or not, believes that the fundamental power and authority of adjusting tariff differences should be lodged with a commission.

Mr. LA FOLLETTE. Now you see, Mr. President—

Mr. HALE. I do not believe in that. I think the provision in the bill is a good one, will work well, but will not in any way interpose an authority that shall interfere with Congress.

Mr. LA FOLLETTE. Mr. President—

Mr. HALE. Therefore I am very heartily for it.

Mr. LA FOLLETTE. I think the Senator has disclosed that he has a misconception as to the powers which I desire conferred upon a tariff commission. I am glad to have him take the floor on the subject—

Mr. HALE. I wish the Senator would bear in mind—

Mr. LA FOLLETTE. The Senator, as I remember, is chairman of the Committee on Appropriations; and we may begin to measure up what sort of a commission the Appropriations Committee of the Senate will provide money for as we go along with this discussion. Now, Mr. President—

Mr. HALE. Let me say to the Senator further—

Mr. LA FOLLETTE. The Senator from Maine entirely misapprehended me. He could not have listened to the amendment which I offered for the creation of a commission.

Mr. HALE. I did listen.

Mr. LA FOLLETTE. Then, the Senator entirely misunderstood it, because I do not propose to confer upon a commission any authority to fix tariff rates. I simply propose that there shall be an appointive commission, composed of men of standing, representative of business interests, of agricultural interests, of manufacturing interests, men who have made a study of commerce and transportation in the United States and who have made a philosophical study of the commerce of the world—men who are trained statisticians. Such are the men described in the amendment I introduced as properly equipped to be appointed to places upon this commission.

Mr. HALE. Will the Senator allow me to say one word?

Mr. LA FOLLETTE. In a moment. I would not clothe them with any power except to go out and gather the facts which are necessary to intelligent action upon tariff schedules and from time to time report the facts thus secured to Congress.

Mr. President, if in the making of a tariff bill we are afraid of the truth, if we can not afford to have the difference in the labor cost in this country and abroad, the difference in the cost of production at home and in competing countries, laid before Congress in published reports at the beginning of each session, or as often as may be necessary, then we ought to be opposed to a commission with any authority to gather facts.

Mr. HALE. Now, will the Senator let me interrupt him further?

Mr. LA FOLLETTE. Certainly.

Mr. HALE. Mr. President, in what I have said I do not claim to speak for any other Senator; I do not claim to speak for the Committee on Finance. I think the provision upon the bill is a wise one, and that it will work well. I do not fancy there will ever be any question raised about making proper appropriations to carry out that provision and everything else in relation to this bill; but I wish to say again that in what I have said I have expressed only my general idea. I do not believe in any good purpose ever being accomplished by what is known as a "tariff commission."

Mr. LA FOLLETTE. Mr. President, I see that the Senator from Maine [Mr. HALE] agrees with the Senator from Rhode Island [Mr. ALDRICH], from the statement of the Senator from Rhode Island with reference to the amendment proposed by the Senator from Iowa [Mr. DOLLIVER] when this section of the bill was under consideration a few days ago. I had only read a portion of the statement of the Senator from Rhode Island when I was interrupted. The Senator said:

It would of course open up indefinite and perpetual tariff agitation. It proposes that this commission to be created shall report to Congress at every session and go into an infinite variety of examinations, which are not pertinent to any real question which has ever been before the Senate of the United States.

That is the Senator's full statement upon this subject. He objects to the amendment offered by the Senator from Iowa,

because "it would of course open up indefinite and perpetual tariff agitation."

Mr. President, certain protectionists who have had control in both branches of Congress believe we should revise the tariff at stated periods. The people of this country will no longer endure unjust tariff duties. When there arises such a clamor and such a demand for revision that it can not be registered, then the tariff may be revised, not with respect to changed economic conditions, not with respect to changed industrial conditions, but simply to satisfy public clamor. That is the spirit in which we approached this revision, and that is the trouble with this revision. We have come to the revision of the tariff at this time without any information upon which to base our action.

Mr. President, business would not be disturbed, business would have no reason to fear tariff legislation if it was made on correct economic principles, if there were constantly in the field a body of men ready to investigate the effects resulting from changing industrial and economic conditions. How preposterous it is that we should frame a tariff bill supposed to measure the difference in the cost of production at home and abroad, and do this once in ten or twelve years, when revolutions which change the cost of production take place in the economic and industrial world sometimes in a single period of six months!

If there is to be any just basis for a tariff, it rests on the difference in the cost of production at home and abroad. There should be a body of impartial men always at work, ready to meet whatever transpires to cheapen the cost of production, so that the people of the country may quickly secure the benefit of such changes.

It was stated a moment ago by the chairman of the Finance Committee that the proposed legislation was made to meet the demand of the country—of the various manufacturing and commercial bodies of the country for this legislation. I shall read just one resolution adopted by one of the great boards of trade of this country. I hold in my hand a very large number of such resolutions representative of the progressive thought of American business men upon this subject. I undertake to say that the half a dozen lines contained in this bill authorizing the employment of experts are no answer at all to the demand that has been pressed upon Congress for two or three years by the leading commercial and business organizations of the United States for the creation of a tariff commission. Mr. President, I ask leave to print, without reading, a number of the resolutions adopted by boards of trade and commercial organizations of the country.

THE VICE-PRESIDENT. Is there objection to the request of the Senator from Wisconsin? The Chair hears none.

The resolutions referred to are as follows:

THE NATIONAL ASSOCIATION OF MANUFACTURERS.
[With a membership of 3,000 firms.]

FEBRUARY 4, 1908.

That for the promotion of the best interests of American industry this conference advocates the immediate creation of a nonpartisan permanent tariff commission, for the following purposes and ends, through congressional action, viz:

- First. The intelligent, thorough, and unprejudiced study of facts.
- Second. The development and enlargement of our foreign trade.
- Third. The accomplishment of this by reciprocal trade agreements, based on maximum and minimum schedules.
- Fourth. The adjustment of the tariff schedules so that they shall affect all interests favorably and equitably, without excessive or needless protection to any.

THE AMERICAN RECIPROCAL TARIFF LEAGUE AND 200 CONSTITUENT ORGANIZATIONS.

[National Reciprocity Conference, Chicago, unanimously adopted August 16-17, 1905.]

Resolved, That eventually the question of schedules and items to be considered in reciprocal concessions preferably be suggested by a permanent tariff commission, to be created by Congress and appointed by the President, which shall consist of economic, industrial, and commercial experts: That we urge upon Congress such action at the earliest time possible.

NATIONAL CONVENTION FOR THE EXTENSION OF FOREIGN COMMERCE OF THE UNITED STATES.

[Resolution adopted, Washington, D. C., January 16, 1907.]

Be it resolved, That in addition to the granting of discretionary powers to the Executive, we urge the establishment of a permanent nonpartisan advisory board or commission, charged with the duty of studying at all times our trade relations with foreign countries, with a view toward recommending, from time to time, such modifications in customs duties or regulations as may, in their judgment, be necessary or desirable.

CARRIAGE BUILDERS' NATIONAL ASSOCIATION.

WILMINGTON, DEL., December 5, 1907.

Whereas the resolution adopted at the convention of the Carriage Builders' Association, Atlanta, Ga., in 1906, favoring the prompt re-

vision of the tariff and the governmental commission to assist in removing the questions of tariff from active partisanship:

Resolved, That we reaffirm our views as set forth in our Atlanta resolutions and earnestly request prompt consideration by our national representatives at the incoming session of Congress.

AMERICAN HARDWARE MANUFACTURERS' ASSOCIATION.

PHILADELPHIA, December 9, 1907.

Resolved, That this association is definitely opposed to the revision of the existing tariff laws except through the instrumentality of a nonpartisan commission with powers similar to the power now possessed by the Interstate Commerce Commission.

MERCHANT TAILORS' NATIONAL PROTECTIVE ASSOCIATION.

This association is in favor of the establishment at the earliest practicable moment, of a tariff commission, expert, impartial, and thoroughly competent, which shall investigate the tariff schedules, one by one, and present their findings in the shape of recommendations to Congress and the Executive, this commission having power to summon witnesses and compel the submission of testimony.

NATIONAL ASSOCIATION OF AGRICULTURAL IMPLEMENT AND VEHICLE MANUFACTURERS.

[With 600 firms as members.]

Resolved, That the National Association of Agricultural Implement and Vehicle Manufacturers hereby instructs its officers to make every reasonable endeavor to secure the appointment of a permanent tariff commission at the forthcoming session of Congress.

NATIONAL LIVE STOCK ASSOCIATION.

[Resolution adopted at annual convention at Denver, Colo., January, 1908.]

Resolved, That, with a view toward securing all necessary data and adequate advices relating to the revision of tariff and other matters touching international trade, we urge the immediate creation of a nonpartisan tariff commission along the lines of the Beveridge bill recently introduced in the United States Senate, with instructions to investigate thoroughly existing conditions and promptly report, for the information of the Chief Executive, of Congress, and the people.

AMERICAN MEAT PACKERS' ASSOCIATION.

The American Meat Packers' Association, whose membership comprises 95 per cent of the meat packers of America, at their last annual convention unanimously adopted the following resolution:

Be it resolved, That the American Meat Packers' Association formally declares itself in favor of establishing a nonpartisan tariff commission with semijudicial powers, as, for example, to summon witnesses; this commission to investigate thoroughly and scientifically the various schedules, and from time to time submit their conclusions in the form of recommendations to the Executive and to Congress.

CHICAGO, ILL., December 14, 1907.

Resolved, That in the judgment of the members of the Western Association of Shoe Wholesalers in annual meeting assembled that Congress should be called upon to create a permanent nonpartisan tariff commission with semijudicial functions, such as the power to summon witnesses, which shall make an unbiased investigation of our customs duties, regulation and classification, hear complaints, study domestic and foreign market conditions, and to report to the Executive and to Congress from time to time such modifications of the tariff schedules as in their judgment may safely and properly be made in the interests of the general welfare.

MILLERS' NATIONAL FEDERATION.

CHICAGO, January 24, 1908.

The Millers' National Federation are in favor of a tariff readjustment entirely along the lines of reciprocal arrangements which will enable us to regain certain foreign markets which we are convinced are closed to us due to the lack of reciprocity. Our people are opposed to anything of a political nature, although believing in a tariff commission, and feeling that a commission of experts can do much good in securing the needed readjustment.

NATIONAL BOOT AND SHOE MANUFACTURERS' ASSOCIATION.

ROCHESTER, N. Y., January, 1908.

We favor the taking of all tariff matters out of politics. We favor the passage of the bill now pending before the Senate providing for the appointment of a tariff commission to investigate and make recommendations from time to time for the revision of the tariff schedules to the President of the United States to be transmitted to Congress.

NATIONAL PIANO MANUFACTURERS' ASSOCIATION OF AMERICA.

JANUARY 28, 1908.

Resolved, That we heartily approve of Senate bill No. 3163, for the creation of a tariff commission, and urge its passage.

MERCHANTS' ASSOCIATION OF NEW YORK.

[With a membership of 1,200.]

Resolved, That the board of directors of the Merchants' Association of New York heartily indorses the proposal to create a permanent tariff commission, which shall take the tariff out of politics and politics out of the tariff; which shall include in its membership men qualified by training and experience to deal with the problems which would come before the commission; which would command the confidence and respect of the country, and which would be competent to obtain and compile statistical information needed by Congress and to formulate proposed legislation relating to the tariff in a manner which would simplify and facilitate action thereon by the legislative department of the Government.

BOSTON CHAMBER OF COMMERCE.
[Resolutions adopted July 26, 1906.]

Resolved, That the Congress of the United States should, as speedily as possible, take such measures as may be necessary to safeguard our markets in foreign countries by lessening those duties that will surely lead, if continued, to reprisal by foreign governments at our expense.

BALTIMORE CHAMBER OF COMMERCE.

DECEMBER 9, 1907.

Resolved, That the Baltimore Chamber of Commerce unites with other commercial organizations in urging the enactment of a law which shall create a tariff commission, thus affording ample opportunity to study the tariff thoroughly, in all its bearings, and report a definite and conclusive recommendation by 1909, when such changes in our tariff laws can be considered.

CHICAGO ASSOCIATION OF COMMERCE.

We believe that the appointment of a permanent nonpartisan tariff commission, to make an unbiased investigation and report to Congress, would result in legislation adopting the broad commercial principle of reciprocity.

BOARD OF TRADE OF CHICAGO.

JANUARY 14, 1908.

The executive committee recommends the creation of a nonpartisan tariff commission which shall make unbiased investigations and report to the President and Congress from time to time as to such modifications of the tariff as in their judgment may safely and properly be made in promoting the general welfare of the country.

MERCHANTS' EXCHANGE OF ST. LOUIS.

DECEMBER 11, 1907.

The board of directors of the Merchants' Exchange of St. Louis indorses the sentiment as expressed in the letter of the American Reciprocal Tariff League and will cooperate in calling upon Congress to create a permanent nonpartisan tariff commission to make unbiased investigations and report to the President and Congress from time to time such modifications of the tariff as in their judgment may safely and properly be made, in keeping with the interests of the general welfare of the country.

CHATTANOOGA MANUFACTURING ASSOCIATION.

CHATTANOOGA, TENN., January, 1908.

We are in favor of an early readjustment of our present tariffs, and of a permanent nonpartisan tariff commission. Also that the same commission be empowered to keep it revised to suit the changing business conditions of our country, so that equal justice may be done to all our people. The question of tariff, as we view it, should be outside of political parties, because it is a question of economics, and not one of policy or preference.

COMMERCIAL CLUB OF TOPEKA, KANS.

[Adopted December 13, 1907.]

Resolved by the Commercial Club of Topeka, Kans., That we are in favor of the creation by the present Congress of a permanent tariff commission as recommended by the National Association of Manufacturers, the National Foreign Commerce Convention, and the American Reciprocal Tariff League.

DAYTON CHAMBER OF COMMERCE.

DAYTON, OHIO, January 28, 1908.

Resolved, That the Dayton Chamber of Commerce approves the proposition to establish a national permanent nonpartisan expert tariff commission, as provided by Senate bill No. 3163, and that both our United States Senators be notified of this action and requested to support this bill.

EAST BUFFALO LIVE STOCK ASSOCIATION.

EAST BUFFALO, N. Y., January 2, 1908.

Resolved, That the East Buffalo Live Stock Association approves the proposition that Congress create a permanent nonpartisan tariff commission to act in an advisory capacity, substantially as provided in the second section of said resolution.

ST. LOUIS COTTON EXCHANGE.

The St. Louis Cotton Exchange, by its board of directors, approves the plan of a permanent nonpartisan tariff commission.

MASSACHUSETTS STATE BOARD OF TRADE.

[Resolution adopted January 24, 1908.]

Resolved, That the Massachusetts State Board of Trade, believing that the changes in the tariff should be made in accordance with business requirements, and not because of political considerations, favors legislation by Congress which shall provide for the appointment by the President of a permanent nonpartisan tariff commission, to whom proposed changes in the laws relating to the tariff shall be submitted for consideration and report before being acted upon by Congress.

MISSOURI MANUFACTURERS' ASSOCIATION.

[Adopted January 9, 1908.]

That the Missouri Manufacturers' Association indorses the position of the American Reciprocal Tariff League, and that this association will cooperate in requesting Congress to create a permanent nonpartisan tariff commission to make thorough and unbiased investigation, and report to the President and Congress at stated intervals such changes in the tariff laws as in their judgment should be made to promote the interests and general welfare of the country and the Nation's commerce.

Mr. LA FOLLETTE. Mr. President, if we are to have a commission in accordance with the recommendations of the Chicago

Board of Trade, which are included in the resolutions I have submitted, it would report from time to time the changed conditions which that body deem necessary to have corrections made in the tariff law. Mr. President, if we could have corrections of our tariff made in accordance with the results of such investigation as is proposed by the amendment which I have offered, we would not have the business of this country all in suspense. There would be no business disturbance at all. The modification of some particular rates in any given schedule would make no very great impression upon the current of business at the time.

Now a bill is offered revising the whole tariff, changing all the schedules. There is no other country on the face of the earth that revises its tariff without a thoroughgoing investigation, and whose revision is so planned and ordered as to go into effect immediately upon the passage of the bill, so that the business of the country is obliged to be suspended for the time being to wait the action of Congress upon that legislation. No other country in the world provides that a tariff law shall go into effect immediately upon its passage. It is deferred for a year or eighteen months. That does away with the clamor for rushing through legislation and removes the occasion for the urgent demand to railroad a bill through without proper consideration, such as we have been subjected to during the last two or three months.

There are many Senators on both sides of this Chamber who favor the creation of a tariff commission; there are many Senators to whom the experience of this session has been enough to change their convictions upon this subject, to teach them that they have been voting blindly on every schedule, and, furthermore, that no member of the Finance Committee was in any position to instruct them with respect to the cost of production. I undertake to say—and I do it without any intention to affront anybody—that there is no member of the Finance Committee, from the chairman to the last man on that committee, who can answer the questions which are necessary to be answered to fix a single rate in this bill according to the rule that it shall measure difference between the cost of production in this country and a competing country. It is not enough, Mr. President, to know the difference in wages between this and the competing country. Many other elements enter into the determination of that question which ought to be considered.

What are the provisions in the amendment offered by the Senator from Iowa to which the Senator from Rhode Island took exception? He stated that he was opposed to that kind of a commission. Senators who have said that their experiences have taught them as a result of this session's legislation that there ought to be some commission to investigate the facts and place them before Congress should carefully consider just what power was conferred by the amendment offered by the Senator from Iowa.

In the first place, it was provided that there should be five members of that commission; that they should have terms of six years; and that their salaries should be \$7,500 each. It was provided that they should have power to appoint a clerk, a stenographer, and a secretary. It was provided that they might appoint certain other clerical assistants, with the consent and approval of the Secretary of the Treasury. It was provided that they should investigate the average price of commodities imported into the United States.

Now, I ask Senators to follow this, and see if there is any recital in this proposed amendment to which any man who favors a tariff commission and thinks it is necessary to the proper adjustment of our tariff would be opposed:

That it shall be the duty of the said commission to examine into and ascertain the average price of commodities imported into the United States, both at wholesale and retail in the United States, and both in the United States and in the foreign places of production, sale, or shipment for the period of six months preceding and six months following any change in the rate of customs duties imposed upon such commodities, and this inquiry shall be carried back for a period of twenty-five years, and more, if deemed advisable by such commission, and shall extend to all facts relating to demand and supply, domestic and foreign; which tend to influence prices of such commodities, foreign and domestic, and to aid in determining the true effect of the import duty or of the change therein in the several cases, upon domestic and foreign prices, and upon productions of the same or of other commodities, upon revenue, upon immigration, upon profits of capital, rates of wages, and the general welfare. Second, to ascertain the amounts in quantity and value of the importation of the principal commodities during each of said periods of six months preceding and succeeding any such change in customs duties. Third, to ascertain, as far as practicable, the quantity and value of the same or similar commodities produced in the United States during the same respective periods. Fourth, to ascertain whether in any and in what instances the particular rates of customs duties have operated to increase or diminish production in the United States. Fifth, to ascertain in what particulars rates of customs duties, existing from time to time, operate injuriously or favorably to the development and increase of American manufactures and productions, or operate injuriously or favorably to the consumers of such manufactured

articles and productions in respect of causing or contributing to the payment of unreasonable prices by consumers, or the removal or reduction of the same—

Surely there could not be any conceivable objection to such an investigation as that—

Sixth, to ascertain the effect of the customs duties upon the price of agricultural productions of the country and their sale in the United States markets and their consumption in the United States. Seventh, to ascertain the effect of such customs duties, both actual and relative, in respect of the employment and the payment of remunerative wages, both actual and relative, to labor in the United States, and a comparison of the same with the labor and wages in other countries. Eighth, to consider the effect of customs duties, or the absence of them, upon the agricultural, commercial, manufacturing, mining, and other industrial interests of the people of the United States. Ninth, to ascertain and compare the actual cost and the selling price, both at wholesale and retail, of similar manufactured commodities reduced to American weights, measures, and money in the United States and elsewhere. Tenth, to ascertain the growth and the development of the principal manufacturing industries affected by the tariff schedules in England, France, Germany, Belgium, Japan, and the United States for the last twenty-five years; and to ascertain the relative cost of transportation in those countries and the United States.

Those are the requirements of the amendment to which the Senator from Rhode Island excepted, and concerning which he said that he would be opposed to a commission authorized to make the investigation and execute the powers conferred in that amendment.

I say that no man on this floor who is in favor of a commission that can accomplish anything whatever could have been opposed to the commission proposed in the amendment offered by the Senator from Iowa.

So let no man here to-night who really favors the establishment of a commission that shall promote intelligent tariff legislation claim any standing for the provision embodied in this bill as interpreted by the chairman of the Finance Committee, on the ground that he stands for a commission that can accomplish anything whatever in that direction. For, as defined by the chairman of the Finance Committee, that commission is to have no power whatever such as is contained in the provisions offered by the Senator from Iowa. Stripped of the duties and powers provided for in the amendment of the Senator from Iowa, no body of men called a "commission" would be worthy of the name.

To offer to the people of the country who are demanding a commission, to offer to the business interests of the country who for two or three years have been organizing all over the country to demand such a commission, that sort of a substitute, interpreted as that is by the chairman of the Finance Committee—and let me say to Senators that his interpretation will be the interpretation which the subsequent legislation necessary to give vitality to this commission will make for it—is to insult the intelligence which prompted the demand and forced this seeming compliance with it.

Mr. BEVERIDGE. The Senator, I think—

The VICE-PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Indiana?

Mr. LA FOLLETTE. I do.

Mr. BEVERIDGE. The Senator inadvertently said, I think, "the interpretation given by the chairman of the Finance Committee." I know he means the interpretation given by the chairman of the Committee on Appropriations; because just a moment before he had been referring, in his remarks, to the chairman of that committee.

Mr. LA FOLLETTE. I do not think a distinction can be made between the interpretation given by the Finance Committee and the interpretation given by the Committee on Appropriations.

Mr. BEVERIDGE. I hope it can.

Mr. LA FOLLETTE. They are practically the same. But I have been dealing especially with the interpretation given by the chairman of the Committee on Finance, because the chairman of the Committee on Finance had pronounced against such a legislative proposition as that offered by the Senator from Iowa; and I had just outlined the duties and the powers conferred by the proposed measure upon the proposed commission.

I submit to the Senator from Indiana or any other Senator on the floor who is in favor of a commission that can do service to the people, a commission that can bring to Congress year after year the facts necessary for an intelligent disposition of tariff legislation, whether it could possibly be a commission with less power than that conferred by the proposed amendment of the Senator from Iowa?

Mr. President, just what is the commission provided for in the bill? It provides for the appointment of men to do what?

First—

To secure information to assist the President in the discharge of the duties imposed upon him by this section.

That is section 2. There is not a word there about such authority as a commission should be invested with that is to contribute information upon which legislation can be based.

Second—

And information which will be useful to Congress in tariff legislation.

That is what there is, and all there is, of it.

Third—

And to the officers of the Government in the administration of the customs laws.

No qualifications are prescribed, no authority is conferred, no duties are defined, nothing is provided to give weight and character and dignity to any report of the findings of this commission.

What questions should a permanent tariff commission answer in order to furnish any information to Congress? What is it that is necessary to determine in order to settle the difference in the cost of production at home and abroad?

First, what is the nature and use of a given commodity under consideration?

Second, what are the raw materials used in its production and manufacture?

Third, what is the amount of the production of this commodity in this country?

Fourth, what is the amount of the consumption of this commodity in this country?

Fifth, how many concerns are engaged in the manufacture of the commodity under consideration?

Sixth, who are the principal producers?

Seventh, what are the ruling market prices of this commodity in this country?

Eighth, what are the ruling market prices of this commodity in competing countries?

Ninth, what is the total cost of production per unit of product in this country?

Tenth, what is the total cost of production per unit of product in competing countries?

Eleventh, what is the percentage of the labor cost to the total cost of a unit of product in this country?

Twelfth, what is the percentage of the labor cost to the total cost of a unit of product in competing foreign countries?

Thirteenth, what is the cost of transportation to the principal markets in this country from the principal points of production in this country?

Fourteenth, what is the cost of transportation to the principal markets in this country from the principal points of production in competing foreign countries?

Fifteenth, what part of the proposed duty represents the difference in the cost of production between this and competing foreign countries?

And, sixteenth, what part of the proposed duty represents the reasonable profit for the American manufacturer if he is to be given a reasonable profit?

Mr. President, those are questions which a tariff commission ought to be able to answer, and which, if it is to render any service to Congress or to the country, it would have to be able to answer, and which it would not be able to answer unless it was clothed with authority and its duties clearly defined. Those are questions which no man on the floor of the Senate can answer with respect to a single item in the tariff bill we are now about to pass.

If we are sincere in our proposal to create a tariff commission, we will create a permanent tariff commission. There is nothing permanent about this commission. We will prescribe the very highest qualifications for the members of that commission. We will define its duties. In order that there shall be no further mystery about making tariffs we will confer, within the limits of our constitutional power, whatever authority we may be able to confer upon such a commission in its work. Furthermore, we will make the commission a bipartisan commission, which will result in making it a nonpartisan commission if men of the highest ideals and qualifications are appointed or selected for the work.

Mr. President, I am willing to take the sense of the Senate upon the amendment which I have offered; and in view of the lateness of the hour, as I have one other matter which I wish to place before the Senate, I shall not demand a roll call upon that amendment.

The VICE-PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE].

The amendment was rejected.

Mr. LA FOLLETTE. Mr. President, I do not intend to offer any extended remarks upon the tariff bill which we are about to pass. I do desire to submit some amendments, upon which I will ask a vote. They are amendments which I submitted in Committee of the Whole. They relate to Schedule K. I send them to the desk.

The VICE-PRESIDENT. The Secretary will report the amendments, one at a time.

Mr. LA FOLLETTE. The amendments are so framed as to work out consistently upon a given principle a revision of Schedule K. They would not be intelligible considered separately.

The VICE-PRESIDENT. The Senator asks that they all be considered as one amendment?

Mr. LA FOLLETTE. I should like to have them considered as one amendment, as they were in Committee of the Whole.

The VICE-PRESIDENT. Without objection, that will be done.

The SECRETARY. Page 135, Schedule K, wool and manufactures of:

Amend paragraph 356 by striking out the word "three" in line 6, on page 135, and insert the word "two."

Amend paragraph 357 by striking out the same and inserting in lieu thereof the following:

357. Class 1, all wools not hereinafter included in class 2.

Strike out paragraph 358.

Amend paragraph 359 by striking out the word "three" in line 22, on page 135, and insert in lieu thereof the word "two."

Amend paragraph 361 by inserting after the word "duty" in line 15, on page 136, the words "as class 1" and by striking out all of the balance of line 15 and all of line 16.

Amend paragraph 362 by striking out the same and inserting in lieu thereof the following:

Paragraph 362. The duty on wools of the first class shall be 45 per cent ad valorem.

Strike out all of paragraph 363.

Amend paragraph 364 by striking out all of line 13, on page 137, after the word "be," and inserting in lieu thereof the following: "Thirty-five per cent ad valorem;" also by striking out all of lines 13 to 23, inclusive, on said page 127.

Strike out all of paragraphs 365 and 366.

Strike out all of paragraph 367.

Amend the committee amendment to paragraph 368 by striking out the words "30 cents per pound" in line 12, on page 139, and insert in lieu thereof the words "45 per cent ad valorem."

Amend paragraph 369 by striking out the words "25 cents per pound" in line 13, on page 139, and the words "20 cents per pound" in line 16, and inserting after the word "section," in line 16, the words "45 per cent ad valorem."

Amend paragraph 370 by striking out all of line 17, on page 139, after the words "flocks," and all of line 18, and insert in lieu thereof the words "45 per cent ad valorem."

Amend paragraph 371 to read as follows:

371. Tops, 50 per cent ad valorem.

Amend paragraph 373 by striking out all of the paragraph after the word "pound" in line 2, on page 140, and inserting in lieu thereof the words "55 per cent."

Amend paragraph 374 by striking out the words "or in part of wool" in line 11, on page 140, and inserting in lieu thereof the words "of wool, or of which wool is the component material of chief value."

Also amend the paragraph by striking out all of the paragraph after the word "section," in line 12, and inserting in lieu thereof the words "65 per cent ad valorem."

Strike out all of paragraphs 375, 376, 377, 378, and 379.

Amend paragraph 380 by striking out all of the paragraph after the word "description," in line 17, on page 143, and inserting in lieu thereof the words "60 per cent ad valorem."

Amend paragraph 381 by striking out all of the paragraph after the word "description," in line 17, on page 143, and inserting in lieu thereof the words "60 per cent ad valorem."

Amend paragraph 382 by striking out all of the paragraph after the word "description," in line 20, on page 143, and inserting in lieu thereof the words "60 per cent ad valorem."

Amend paragraph 383 by striking out all of the paragraph after the word "description," in line 25, on page 143, and inserting in lieu thereof the words "60 per cent ad valorem."

Amend paragraph 384 by striking out all of the paragraph after the word "otherwise," in line 3, on page 144, and inserting in lieu thereof the words "60 per cent ad valorem."

Amend paragraph 385 by striking out all of the paragraph after the word "carpets," in line 6, on page 144, and inserting in lieu thereof the words "60 per cent ad valorem."

Amend paragraph 386 by striking out all of the paragraph after the word "carpets," in line 8, on page 144, and inserting in lieu thereof the words "60 per cent ad valorem."

Amend paragraph 387 by striking out all of the paragraph after the word "rugs," in line 13, on page 144, and inserting in lieu thereof the words "60 per cent ad valorem."

Amend paragraph 388 by striking out all of the paragraph after the word "otherwise," in lines 17 and 18, on page 144, and inserting in lieu thereof the words "60 per cent ad valorem."

Mr. LA FOLLETTE. Mr. President, I think it doubtful if any other schedule bears harder upon the poorer people or the people of moderate means in this country than Schedule K, unless it will be the cotton schedule. The amendments which I have offered here are amendments which were offered in Committee of the Whole, and need not be explained further. They make reductions not on the raw wool, but reductions upon the manufactured product, both in the compensatory duties and in the protective duties.

I think I made an absolute demonstration that the compensatory duties range all the way from 25 to 75 per cent more than are just. I think I made a demonstration that will never be controverted that the protective duties range from 33 to 65 per cent higher than can be justified upon any difference in the cost of production.

Now, Mr. President, imposing duties of that sort leads to one inevitable result. Under the new system that prevails in the commercial and industrial world, and that has come into being in the last eight or ten years, organizations which suppress domestic competition have been brought about, so that it is possible for those who have suppressed all domestic competition and are safeguarded against foreign competition by exorbitant protective duties to assess the consuming public of this country whatever they please.

When Schedule K was pending in Committee of the Whole I said to the Senate that the passing of that schedule and the confirming of its unjustifiably high rates would, under the conditions which prevail, lead to the imposing upon the American public of extortionate charges for the woolen clothing worn by the people of this country. This increase came, Mr. President, much sooner than I anticipated it would.

It appears that the trust organization which controls this industry felt such assurance when the Committee of the Whole confirmed the House provisions of Schedule K that it was warranted in immediately advancing the prices of woollens. Upon the day following the adoption of that schedule in the Senate announcement was made of the increases in the prices of woollens to which the American people are to be subjected, and which will be confirmed when this bill passes through the Senate.

I received a communication from the manufacturers who make practically 90 per cent of the woolen clothing of the American public, and though it contains a personal reference and comments upon the amendments which I offered in Committee of the Whole to this schedule and which I have resubmitted here to-night, I feel that I ought to read it to the Senate.

Statement of a special committee of the National Association of Clothiers, appointed June 30, 1909.

This statement is inclosed in a letter addressed to me:

The members of this committee are: Marcus M. Marks, president of the National Association of Clothiers, chairman; Ludwig Stein, of B. Kuppenheimer & Co., of Chicago; Siegmund B. Sonneborn, of Henry Sonneborn & Co., of Baltimore; David Kirschbaum, of A. Kirschbaum & Co., of Philadelphia; Louis Kirstein, of Stein-Bloch Company, of Rochester; Frank R. Chambers, of Rogers, Peet & Co., of New York; William Goldman, of Cohen, Goldman & Co., of New York; and E. E. Smith, of E. E. Smith & Co., of Boston.

The National Association of Clothiers is composed of 97 per cent of the leading clothing manufacturers of the United States. The industry is the third largest in the country. The value of its output is \$600,000,000 annually. The business ramifies into every city and town in the United States, and the retailers are the best type of those engaged in mercantile pursuits in their respective communities. The clothing manufactured is an article of necessity and supplies probably 95 per cent of the clothing worn by the masses of the people in the United States. This committee is authorized to voice the protest of the National Association of Clothiers against Schedule K, covering wool, woollens, and clothing, as adopted by the Senate Committee of the Whole, which schedule apparently does not show any change from the Dingley bill.

The result of the Dingley tariff wool schedule has been to reduce the quality and diminish the weight per yard, especially in the cloths out of which popular-priced clothing is made, thereby making that clothing less durable. This is due largely to two causes, the specific duties on raw wools without regard for their fineness and shrinking qualities, and the exaggerated so-called "compensatory duties on woolen cloths." As the lower grades of coarse greasy wools used largely by the carded wool manufacturers lose a great part of their weight in washing and scouring, and are sold frequently at prices considerably below 11 cents a pound, the duty of 11 cents on unwashed wools, or 22 cents on washed wools, or 33 cents on the same wools when scoured, amounts at times to several hundred per cent, while the same duty on high-priced light wools, containing but little grease, used largely by the worsted manufacturers, amounts to as little as 23 per cent.

I will say, Mr. President, that would all be corrected by adopting not a reduced duty upon wools, but an ad valorem duty upon woollens.

The duty on woolen cloth, which consists of a compensatory duty of 44 cents a pound, plus a protective duty of 50 per cent or 55 per cent, is based on the assumption that it takes 4 pounds of raw wool to make 1 pound of cloth. As a matter of fact, it takes a great deal less on the average, not more than one-half in the case of the finer woollens, and as for the poorer grade woollens used in manufacture of cheaper clothing a considerable part thereof consists of shoddy and

cotton, on which no duty has been paid, and therefore no compensatory duty should be allowed, and thereby results in the imposition of duties all the way from 100 per cent to 200 per cent and over, the rates rising in inverse ratio to the value of the cloth.

I fancy that this document will be much less amusing than it appears to be to-night to some Members on this floor when they confront it, as they will, in every clothing store in this country. To resume my reading:

Standard winter worsteds which ranged, twelve years ago, from 21 to 24 ounces in weight per yard, have gradually been decreased in weight, so that they now range from 14 to 16 ounces per yard; standard spring worsteds which ranged from 14 to 16 ounces in weight per yard have gradually been decreased, so that they now range from 9 to 12 ounces per yard. In consequence, a deterioration of fully 33½ per cent in weight has taken place, in addition to the establishment of a much higher range of prices for the same qualities of goods. The clothing manufacturer, therefore, through the inability of the cloth to stand ordinary wear, is deprived of the opportunity to produce garments upon which a good reputation can be based.

The situation has been further aggravated by the failure of the wool supply in this country to keep pace with the growth of population, and by the further fact that, coincident with the limitation of supplies, competition has been to a great extent eliminated by large and powerful combinations of woolen and worsted manufacturers and spinners who practically fix their own prices and dominate the market. This has been evidenced recently by the fact that when the so-called "combination" advanced their prices for cloths for the spring of 1910, the mills not in the combination, which had previously quoted prices considerably lower, immediately advanced them to a parity with the higher range announced by the combination. That these advances in the United States, ranging up to 35 per cent, are not due entirely to the increase in the price of the raw material—wool—is shown by the fact that in England the advances for the same season on similar cloths ranged only from 10 to 12 per cent.

These advanced prices on worsteds, which have been announced, following the steady deterioration of fabrics in weight and quality, resulting from the operations of the Dingley bill, will add to the retail price approximately \$2.50 on a \$10 suit of clothes, \$3 on a \$15 suit, and \$5 on a \$20 suit, or from 20 per cent to 25 per cent to the cost of the clothing to the wearer thereof. The aggregate burden of the increased cost of men's and boys' clothing to the American people, under the present advance alone, will be \$120,000,000 for the year 1910, which is twice the value of the annual domestic wool clip. Although the bill has not yet actually become a law, yet it is clearly seen how it will operate, and the foregoing demonstrates the results already apparent to the actual manufacturer of clothing.

Senators from wool-producing states should reflect upon that statement made by manufacturers who, now when they must order their supplies for the approaching season, are forced to make their calculations upon these advances of rates, adding \$120,000,000 to what the American people will pay for men's and boys' clothing next year. This additional burden is not upon the advances that will be made upon this entire schedule, but just upon the advances that have already been made upon the clothes that enter into the wearing apparel of men and boys; nothing with respect to the effect upon the prices of flannels, blankets, or of women's wearing apparel.

Already the action of this body in confirming the action of the House on Schedule K has added \$120,000,000 to the burden that the men of this country must pay for their clothing and for the clothing that they buy for their boys for one single year.

While the Dingley rates will nominally remain the same, the provision of the pending bill substituting domestic market prices for those in foreign countries in determining the basis of valuation for customs purposes—

I dealt somewhat upon that in offering an amendment here to-night. You are to base the continuation simply on the Dingley rates in Schedule K or any other schedule in this bill, but when this new system of valuation shall have gone into effect advances will be made on every single item that comes to the custom-houses of this country above those fixed and designated in this bill.

While the Dingley rates will nominally remain the same, the provision of the pending bill substituting domestic market prices for those in foreign countries in determining the basis of valuation for customs purposes will undoubtedly result in a material increase of the present duties, with the inevitable result of still further advances in prices of domestic goods. We therefore protest against the provision of the bill.

The National Association of Clothiers have not protested before because they felt that after all that had been said concerning the wool schedule the Congress would realize the necessity for making a change therein by adopting a tariff which would be sufficiently protective, but from which there should be removed the features which would continue to allow the present discrimination against the interests of the farmer and the workingman, who after all wear the great bulk of the clothing produced. As the schedule covering this industry has, however, been adopted by the Senate Committee of the Whole, and as it is practically a continuation of the old Dingley schedule, the National Association of Clothiers feel that they must file their protest before its adoption by the Senate.

Let me pause here to say, Senators, that I know from personal interviews with the representatives of this great association that they have no expectation of any modification being made here. They are simply, as one of the great business associations of this country, making a record to which they will appeal hereafter.

This protest is not being made in any narrow and selfish spirit. The National Association of Clothiers are cognizant of the fact that if the tariff charges should be lowered their members would be the first to suffer by the reduction, as all of them have stocks of clothing as well

as woollens on hand and under contract which would have to be sold at a loss in profit upon the basis of the readjustment of prices which would naturally follow any reduction. The consumer, however, would be the immediate and permanent gainer. The National Association of Clothiers are willing that the present tariff on clothing should be reduced in proportion to any downward change which may be made in the wool schedule.

The clothing manufacturers seek no advantages for their own trade, although it is a cardinal principle of protection to admit raw material at as low rates of duty as possible, and even free of duty, and to increase the duty as the material is advanced from one stage of manufacture to another; yet, recognizing the necessity of giving the wool-grower a liberal share of protection, we heartily indorse the amendment of Senator ROBERT M. LA FOLLETTE, providing for a duty of 45 per cent ad valorem on raw wool, which is one of the highest rates of duty levied on any raw material, and has the advantage of doing away with the inequalities of the present specific rates, which bear heaviest on the poorer man's wool and lightest on the finer varieties. We also regard the duty of 65 per cent ad valorem on all woolen cloths, proposed by Senator LA FOLLETTE, as ample protection and fair to the manufacturers of woolen cloth, since it fully compensates them for the duty on raw wool and affords additional protection of 100 per cent on the labor cost which goes to make up the price of cloth. Further, we regard his proposed rates on all the other products of wool in the various stages of manufacture as equally fair.

The foregoing statements are made from direct experience in the manufacturing, wholesaling, and retailing of clothing, and are not the averments of theorists. The membership of the National Association of Clothiers is largely Republican "protectionists," but we are confronted by an acute situation which forces us to demand a change in the tariff to enable us to clothe the great mass of the people satisfactorily at prices within their reach. We therefore urge the Congress to take this action, which will benefit all the people to whom our manufacture is a prime necessity.

Respectfully submitted.

By MARCUS M. MARKS,
President of the National Association of Clothiers (Chairman).

LUDWIG STEIN,
SIEGMUND B. SONNEBORN,
DAVID KIRSCHBAUM,
LOUIS KIRSTEIN,
FRANK R. CHAMBERS,
WILLIAM GOLDMAN,
E. R. SMITH,

Special Committee of the National Association of Clothiers.

Mr. President, that document can not fail to make a profound impression upon the country, if it makes no impression upon this body. We are in the closing hours of the consideration of this tariff bill. It is doubtful if anything which could be produced here could move the Senators who have been voting together in one compact body to sustain and advance the rates to make any exception. If there be one schedule more than another, the woolen schedule—and I will couple with it the cotton schedule—should receive the serious consideration of this body even now before it should be too late, for it will quickly pass beyond your reach.

Let this woolen schedule, that has not had a single change made in it, pass the Senate without a change, and either body of this Congress is powerless to change it. I say to you, Senators, here to-night with a single line of production in this great schedule going only to the clothing of the men and the boys in this country, making, as it does, upon the advances which the manufacturers have made since this bill was passed in Committee of the Whole, an added burden of \$120,000,000 upon the people of this country—I say to you there is reason for us to stop now and change this bill so that the American public may be delivered from the power of this trust, which lays such an unjust and unnecessary burden upon them.

Mr. President, this tariff revision did not come because the manufacturers wanted it, but because 90,000,000 people, bowed by a burden of excessive and increasing cost of living, demanded it and have pressed that demand upon the Congress of the United States and upon the political parties of this country until they were compelled to heed it.

Then, Mr. President, we addressed ourselves to the consideration of this tariff in this extraordinary session. Was there a man a year ago—outside, possibly, of those who controlled and who knew, of course, and could have forecast what would take place—was there a man in all this country of ours who could have been brought to believe that a revision of the tariff would result in advancing the rates as a whole? Was there a Member of either branch of Congress, outside of those who knew in advance and could have foretold what the tariff legislation would be—was there a man that would have said to a constituent of his that either the rates would be maintained or, on an average, that they would be increased? Is there a State in this Union, outside, maybe, of four or five, that could have been carried on a platform of that sort? Nobody believes it; yet we are enacting legislation here from which we would have shrunk back as from a thing that would have contaminated us eighteen months or two years ago.

Mr. President, it was not possible for me, as I promised when discussing some of the schedules of this bill, to lay before the Senate before we voted upon this bill the exact result of the changes that have been made. I have pressed as hard as it was possible for one to do upon the Bureau of Statistics in order that

I might have the table which I submitted during the tariff debate, which showed accurately the changes made by this bill as it was reported from the Finance Committee as compared with the Dingley law corrected to show the exact effect of the changes in tariff rates made by the Senate. That has not been possible; but by the arrangement which has been consummated here to-night with the chairman of the Finance Committee, we are to have that table carried out in detail, so that it will show, when the conference report comes back to us, just what will be the effect of the rates.

Mr. President, I was able to get just these few facts, and I can state them in three minutes to the Senate, and then I have done with respect to the changes in this bill.

As I stated when discussing the cotton schedule, when the bill was reported from the Finance Committee to the Senate the total value of the goods affected by increases of duty over the Dingley rates amounted to \$102,000,000, while the value of articles affected by decreases of duty amounted to slightly in excess of \$66,000,000.

We have spent some weeks upon this bill; many things have taken place here. I think it is no exaggeration to say that most of the changes made in the Senate have been made without Senators being able to know the consequence of their votes. It has been rare, indeed, that any of us have known here, when a vote was taken upon some amendment offered, what that amendment would signify to the purchaser of that product.

Indeed, very many of these changes have been made by shifting from ad valorem to specifics and back again from specifics to ad valorem, by changes in classification, by changes in phraseology, all to be affected later by this change in valuation. But when the bill came to us from the Finance Committee, the increases of duty over the Dingley rates, upon the basis of the importations of 1907, affected goods amounting in value to \$102,000,000. The value of the articles affected by the decreases of duty was slightly in excess of \$66,000,000.

A good deal has been made from time to time here in the way of argument, by statements that we have so many reductions and so many increases—over 300 reductions in this bill and only a limited number of increases. That does not in itself signify anything, as Senators well understand. You may have a lot of reductions upon matters of very trivial importance, of very minor importance, the importation of which and the consumption of which is a matter of no very great concern to the purchasing public.

The Bureau of Statistics are able to give me these facts, which I leave with you as I close: The bill as reported by the Committee of the Whole to the Senate—and I think no changes have been made in duties since the bill came into the Senate, but if they have been they are of minor importance—the bill as we finished it in Committee of the Whole increases duties in 248 instances, and these increases affect goods which in 1907 were imported to the amount of \$146,125,000. So that the bill as now before the Senate shows increases in excess of those which it contained when reported originally from the Committee on Finance to the amount of \$44,125,000. As reported from the Committee of the Whole, the bill contains 529 reductions in duties from the Dingley rates, affecting goods imported in 1907 to the amount of \$93,525,000.

The bill now has \$27,000,000 more of decreases than when originally reported from the Committee on Finance; but this does not mean that the bill has been improved in the Committee of the Whole. It does mean that the bill is worse now, so far as the consumer is concerned, than it was when originally reported to the Senate. The Senate, it is true, has changed the duties so as to add \$27,525,000 worth of imports to the total list of reductions reported by the Finance Committee; but at the same time it has added more than \$44,125,000 to the list of increases, the additional increases of duty being nearly twice as large as the additional reductions, measured by the value of imports in 1907.

The bill as a whole, Mr. President, as it stands now—I do not know what it may be when it comes from the conference committee; it may be that there are increases here which will be yielded in conference—but as it stands now it is not revision downward; it is most pronouncedly revision upward.

It violates the understanding that the public of this country had as to what this revision would be; it violates the pledges made over and over again by the candidate for the Presidency, President Taft, while that campaign was on; and I say, Mr. President, on that basis alone, to say nothing of the so-called "tax on corporations," which has been injected into the bill, it is not entitled to support.

I say the "so-called tax on corporations." I mean by that, Mr. President, that as to all the great and important corporations of this country to be reached ostensibly by that legisla-

tion, the burden will be shifted onto the people. Senators who voted for that proposition may look to see the 2 per cent, nay more than the 2 per cent, reflected in the increased transportation charges on interstate commerce. You may look to see additional charges carried over into the products of steel and all of the manufactured products that are controlled by the great industrial organizations of this country; and they control practically the great body of the products that go into the consumption of this country.

It is only the small manufacturer, who is affected by competition with the individual, and the partnership who may not be able to transfer this tax to the customer. That is, however, but a fractional part of it, and not to be counted. Instead of this so-called "corporation tax," which will finally come to be a still greater burden than the increased duties laid upon the people of this country, instead of that being a reason why I would support this bill, it is an added reason why I can not vote for it when the roll is called upon its final passage.

Mr. GORE. Mr. President, the Senator from Wisconsin [Mr. LA FOLLETTE] has just demonstrated that the woolen schedule as agreed to in this bill will cost the American people \$120,000,000 every year. This one schedule in the pending bill imposes an added burden of \$120,000,000 upon the American people.

I had occasion some time ago to comment upon the fabulous dividends which have been declared by certain cotton and woolen mills situated in the New England States. I referred then to the Algonquin Printing Company, a cotton manufacturing concern, which had accumulated a surplus largely in excess of its entire capital stock, and which had realized a net profit exceeding 67 per cent during each of the last nine years. I referred to the Troy Cotton and Woolen Mills, which had declared in 1907 a dividend amounting to 67 per cent. I referred then to the Acushnet Mills, situated at New Bedford, Mass., which had declared in 1907 a dividend amounting to 66 per cent. I mentioned also the Dartmouth Mills, situated in New Bedford, Mass., which had likewise declared a dividend aggregating 66 per cent in the year 1907.

Mr. President, I desire to call the attention of the Senate to one very significant incident which has recently occurred. The woolen schedule of the pending bill was finally agreed to on June 11. On June 15, only four days thereafter, the stockholders of the Whitman mills assembled at New Bedford, Mass., and declared a dividend aggregating 33 per cent. Think of that, sir, a dividend of 33 per cent declared only four days after the Senate had agreed to guarantee to those mills a reasonable profit! The dividend, indeed, was a stock dividend, but no one will be deceived by jugglery of that sort. This Mr. Whitman is the same individual who enjoyed some celebrity in connection with "dress goods, yarns, and tops."

Mr. President, the statements made by the Senator from Wisconsin were not the fears of an affrighted imagination. I have in my possession a letter written by one of the principal clothing companies of the United States, a letter addressed to a prominent merchant in the State of Oklahoma, and this company was advising that merchant that it would be necessary to advance the price of clothing during the coming season as compared with last season. Increases cast their shadows before.

I observed a few days ago in a most reputable journal that the common stock of the United States Steel Corporation had advanced from \$40 per share to \$69 per share during the last one hundred days—perhaps due in no measure to the promise in the Republican platform and the fulfillment of that promise in the pending bill to guarantee reasonable profits unto American industry!

I suggested a few moments ago that the object of a high tariff is not to insure high wages, but is to guarantee high profits. The Republican party promised, as the country understood, to revise the tariff downward. The promise was contained in these words:

We declare unequivocally for a revision of the tariff.

Mark the words—"we declare unequivocally."

Why, sir, insert the word "unequivocally?" Had the party equivocated so often and equivocated so long that they felt constrained to enter a disclaimer in advance? Did they feel obliged to enter a plea of "not guilty" before either indictment or arraignment?

We declare unequivocally for a revision of the tariff.

If any stand-pat Senator in this body should undertake to borrow money from any bank in the United States, and should interline in the promissory note, "I promise unequivocally to pay," the banker would instantly demand additional security for the payment of the note.

We promise unequivocally!

In the history of human politics there is no greater instance of equivocation. Did you promise to revise up, or did you

promise to revise down? Equivocation unparalleled and unprecedented, even in the Delphian oracles of old!

It is vain for the chairman of the Finance Committee to say that the Republican party did not mean to revise the tariff downward. It is vain for the Senator from Massachusetts to say that nobody pledged him to a revision downward any more than to a revision upward. It is unavailing for "potent, grave, and reverend seigniors" to assert here that the platform did not promise a revision downward. At least it was intended to be understood as pledging a revision downward.

The President of the United States knew more and knows more about the Republican platform than any other man in America, or elsewhere, excepting in Africa. [Laughter.] It was currently reported and commonly believed that the Republican platform, especially the tariff plank, was prepared by the President of the United States and by his illustrious and strenuous predecessor. The President has interpreted and construed this tariff pledge, and stated repeatedly during the campaign that it meant on the whole an honest and a substantial revision downward. He made that promise and that statement repeatedly in the West before the election, and he has ventured to make the same interpretation in the East since the election. The American people and the President understood this platform alike. The people understood that it meant a revision of the tariff downward. They took the President at his word. They accepted his pledged faith. They relied upon his assurance. And, relying upon that assurance, they exalted him to the most distinguished station among the nations of the earth.

The President, since the election, has solemnly declared that we had better have no revision at all than not to have an honest revision in accordance with the principles laid down in the Chicago platform. He prophetically added that unless such a revision was made the Republican party would be visited with the pains and penalties that are due to violated faith.

There is only one standard by which we can determine whether there has been an honest and a substantial revision downward. That test must be made at the retail counters of the United States from the eastern to the western seas. If the people can buy the necessities and comforts of life cheaper after this bill has been passed than they could before, your revision has been honest and has been made in good faith. If the American people can not buy the necessities and comforts of life cheaper after this bill has been passed than before, your revision has been vain and unavailing.

Unless the farmers in Iowa, Nebraska, and Oklahoma can buy their hats and shoes and harness and farming implements cheaper in consequence of the passage of this bill, your revision has been fruitless, and in their name I protest against the passage of this bill, and I call upon the President of the United States to keep his faith and to veto this disappointment.

Unless the miners of West Virginia, Pennsylvania, and Oklahoma can buy their picks, their safety lamps, their blasting caps, and powder cheaper after this measure has passed than before, your bill is a delusion and a cheat, and in behalf of the miners I protest against the passage of the bill and call upon the President of the United States to keep his pledged faith and veto the measure.

Unless the housewives in every community and in every State of this glorious Union can buy their sugar, their cloth, their thread, their buttons, their hooks and eyes, and other necessities of the home cheaper on account of the new law than under the old law, your revision of the tariff has been futile and fruitless; and in their behalf I protest against the passage of the measure, and cherish the hope that the President will keep his covenant and will veto the bill.

In behalf of the retail dealers of the United States, who have here been indicted and arraigned for extortion, I protest against the passage of the measure. They will be compelled to pay more for what they buy, and to charge more for what they sell. The increased price will be due to the increased tariff, and will involve them in endless embarrassment with their customers, their friends, and their neighbors. If this tariff policy is continued in the interest of the protected monopoly, the retail merchants of this country will soon be a "finished product." And I call upon the President in their behalf to veto this breach of faith.

In behalf of the salaried classes of the United States, I protest against this measure. The cost of living has been increasing more rapidly during the last dozen years than have either salaries or wages. The salaried classes will find it more difficult to provide themselves with the necessities and comforts of life; and I trust that the President of the United States, faithful to his obligations, will veto this measure in behalf of this honest and deserving class.

In behalf of the laborer of the country, in whose name all these protection crimes have been perpetrated, and whose cost of living will outrun the increase in his wages—in his behalf, silent here, I desire to raise my voice in protest, and to register the hope that this bill will receive the condemnation of the President.

In behalf of the farmers, who have been chivalrously and munificently remembered with an increased duty of a nickel a bushel on wheat and corn, I likewise enter my earnest protest. Let me say in passing that you might as well levy a tax upon the tides of the sea; you might as well prohibit the importation of snowstorms; you might as well levy a tariff upon the trade winds, or fix a duty upon imported waterfalls in order to stimulate the activity of Niagara and the Yosemite. Yet the farmers will be cheated by increased prices upon the necessities and the comforts of life. In behalf of the toilers and the farmers of this country, I protest against this disappointing, this cheating measure, and express the hope that the President will protect them now as they honored him in November, and will visit this measure with his executive veto.

In behalf of the public press, in behalf of the editors—the arc lights of the Republic—whose services have been accepted and whose hopes have been dashed to the earth, I raise my protesting voice here in this presence. I trust the President will use his pen as faithfully in their interests since his election as they used their pens in his behalf before his elevation.

In behalf of all the consumers of the United States, whose burden will be aggravated by this measure, I desire also to enter a protest and at the same time to express a hope that the President will shield them now against the increased burdens of increased tariff taxation.

Mr. President, the consumers of this country will find this measure a disappointment; they will find that the golden apples of tariff revision which were so bewitching to the eye have turned to bitterness and wormwood upon the lips. In all human history I know of no instance so striking where the people have asked for bread and have received a stone; where they have asked for fish and have received a hissing serpent; where they have asked for an egg and have received a stinging scorpion.

Mr. President, the passage of this measure marks the beginning instead of the end of tariff agitation in the United States. The politicians of the Republican party in their next national convention will write the word "downward" in their tariff platform or else the historian will write the word "downfall" after the next election.

Mr. President, vain I know are prophecies, and yet the Republicans may draw an overdraft upon the confidence and the credulity and the patience of the American people. The Democracy was elected to power in 1892 upon the promise of tariff reform. They broke their pledge and they broke their faith. They suffered the penalties that are always visited upon broken faith and violated pledges. The Democracy defaulted its bond and deserved its defeat.

Mr. Cleveland said that the Wilson-Gorman Act was a compound of perfidy and dishonor. In my own judgment, Mr. Cleveland ought to have vetoed that measure. Better for his fame and better for the fortunes of Democracy a thousand times over that he had vetoed the measure rather than suffer it to become a law without affixing his signature to it.

Now, sir, I believe that history in some measure is repeating itself. The example of the Democracy ought to be a warning rather than a guide to the Republican party. Republicans are now violating their faith and breaking their promises to the people, and I believe it would be better for the fame of Mr. Taft, better for the fortunes of his party, if he should affix his veto to this death warrant of the people's hopes rather than suffer it to become a law, either with or without approval, which is an open and palpable violation of every promise and every assurance which he vouchsafed to the American people.

I profess little solicitude either for the fame or the fortunes which I have just mentioned, but I do profess a sincere regard for the American people, and I desire to see their burdens lessened and removed, and I am largely indifferent whether the relief comes from the Democratic or from the Republican party. That end is the consummation devoutly to be wished, and I am indifferent as to the means.

Mr. President, during the Roosevelt régime I could not be classified among the king's friends. I did not always approve of his objects, and less often did I approve of his methods. But, sir, I can not believe that Theodore Roosevelt would approve the present measure, which is worse than the existing law; and I say now, if when Roosevelt again sets his foot upon this continent he proclaim to the American people that

this measure is a violation of the Republican platform, and that it could not have received his approval, then, sir, the stand-pat Republicans may reckon it as not the least of their troubles to prevent his renomination and reelection to the Presidency of the United States. If that be done, it may not be so wild a prophecy to say that the next President will be an African [laughter]—of course a temporary nimrod in the dark continent.

Mr. President, the corporation tax recently passed by this body is characterized by the same injustice and inequality that characterize every schedule of the pending measure. The chairman of the Finance Committee boldly avowed that he introduced it here with murderous design; he boldly avowed that his purpose was to kill the income tax. I admired his candor, though I did not approve either his motives or object.

I am a friend of the income tax, and I do not like to become an accomplice in its murder; neither an accessory before or after the fact. I fear that the astute chairman of the Finance Committee not only introduced the corporation tax here to defeat the income-tax amendment which was proposed to the pending bill, but I fear that he left that tax loose upon the country at this time with the expectation and the hope that it would effect the defeat and death of the income-tax amendment to the Federal Constitution. One of the first measures which I introduced when I had the honor to become a member of this body, and when the country had the good fortune to begin to enjoy my services, was a constitutional amendment authorizing the levy and collection of an income tax. The first measure which I introduced into this extraordinary session was a joint resolution proposing a constitutional amendment for the levy and collection of an income tax.

Mr. President, little did I dream then that my solitary ranks would be so rapidly recruited by the stand-pat Members of this body; little did I dream that within four months my constitutional amendment would be submitted to the States of the Federal Union. I congratulate the majority upon their wisdom and their sagacity, and I pardon their infraction of my copyright.

Mr. President, the corporation tax just adopted is both unjust and unequal in many particulars. As I understand, it exempts Mr. Carnegie and his millions of bonds. I presume the same is true of other royal favorites. Their factories are protected and their fortunes are exempted. I am opposed to both policies. I think that wealth, instead of want, ought to be taxed, and I think it unjust to tax the rags of Lazarus and exempt the riches of Dives.

I trust this corporation tax will teach the people this truth, which to me is self-evident: All taxation is an evil. No tax, whether high or low, whether direct or indirect, is a blessing. A high tax is a heavy burden. A lower tax is a lesser burden, but always and everywhere a burden. Everybody will admit that high taxation, when direct, is undesirable; but millions contend that high taxation, when indirect, is an incalculable blessing. Perhaps the protected manufacturers are the only ones who will insist that this corporation tax is a special benefaction. There is no good tax any more than there is good evil, and the payment of necessary taxes is a duty and not a benefit or a favor. I wish this truth might be graven upon the wrists and carved upon the foreheads of the American people.

If the Democrats and the progressive Republicans in the Senate had been vested with the power of enacting this corporation tax they would not have passed a measure fraught with so much of injustice and inequality. Within three years from this hour a Democratic House will revise this corporation measure, and will revise it upon sound principles and free it alike from its inequality and its iniquity.

When that measure comes to the Senate, I trust that there will then be enough Democrats and progressive Republicans to insure its passage through this body. I hope the Lord will increase the tribe of these progressive Republicans. I can not say that all Republicans look alike to me; I have my choice among them; and I think it is important that the ranks of the progressives should be recruited. If the people have not the wisdom to select Democrats, then let them select progressive Republicans. Fidelity to my party does not require me to be faithless to my country. Those who think alike ought to vote alike. I can not say too often that the monopolies vote for their interests regardless of party, while the masses vote for their party regardless of interest.

The people must come to realize that it is important to revolutionize both the methods of the Senate and the House of Representatives. It was never intended by our Constitution that any one man should be the sceptered master of the Senate. It was never intended by the Constitution that any one man should be the sceptered monarch of the House of Representa-

tives. It is important that the American people should dethrone these masters and these monarchs, these pretenders and usurpers.

As I have witnessed the proceedings here, often has my memory reverted to my childhood, when I used to play the old game, Simon says wigwag, Simon says thumbs up, Simon says thumbs down. That, sir, illustrates the game which has been played here by the distinguished chairman of the Finance Committee. That has been the monotonous history of this tariff revision.

Mr. President, the proverbial fame of Mary as a shepherdess has perished from the earth. Beside the chairman of the Finance Committee she has become as the stars beside the sun. Sir, in all history the chairman of the Finance Committee is the master shepherd, and he is a typical shepherd of the olden golden time, with this single exception, that he has no crook. Mary had one lamb, and it followed her to school one day. The chairman of the Finance Committee has 45 lambs, and they follow him every day, and they follow him everywhere. [Manifestations of applause in the galleries.]

The VICE-PRESIDENT. The occupants of the galleries must not indulge in any demonstrations.

Mr. GORE. Mr. President, I have often witnessed pet lambs feeding from their master's hand. Never did I witness so much of either appetite or avidity as has been exhibited in the Senate of the United States. Some of the lambs belonging to the chairman of the Finance Committee have a ravenous appetite for pig lead, some for lemons, some for woolen goods, some for steel rails, while the appetite of others turns to drink, and they have a ravenous thirst for crude and refined oil, including kerosene, benzine, gasoline, and vaseline, a la Standard. [Laughter.] Sir, whatever may be their appetite, like a good shepherd, the chairman of the Finance Committee supplies their wants, and his lambs fondly obey his behests.

I say this, sir, without disrespect either to the chairman of the Finance Committee or to any member of the fold. The protected interests have exhibited great wisdom and great sagacity. The chairman of the Finance Committee is an undoubted genius. He has dedicated his utmost fidelity to the protected interests of this country. But, sir, he ought not to undertake either to fleece the royal tiger or to shear the slumbering lamb. Mr. President, the welfare, the prosperity of the protected interests, of the trusts and monopolies are not identical either with the welfare or progress or prosperity of the American people.

I hope to see reforms come alike into the Senate and into the House of Representatives, and I had almost said that if I were the boss of my party, "as I ought to be," I would hardly suffer any Democrat to make the race against any of the 12 Republicans who voted against the present Speaker of the House. I would commission them to go forth as 12 apostles preaching the gospel of a new dispensation, and preaching that gospel unto every creature, and I should continue the agitation until the Senate and House were under the control of the friends of the consumers and the friends of the American people, until a tariff law should be enacted that would be drafted in the handwriting of the sovereign people of the United States, and would not bear the signet of any trust or any monopoly within the confines of this Republic.

I would enact a tariff law fraught with blessings and free from burdens as far as possible, and the trail of the serpent should not be over a single schedule or a single section of that beneficent measure.

The VICE-PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. LA FOLLETTE. I ask for the yeas and nays on the amendments en bloc.

The VICE-PRESIDENT. Those that the Senator last offered as one amendment?

Mr. LA FOLLETTE. Yes.

The VICE-PRESIDENT. Is the demand seconded?

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. CULLOM (when his name was called). I have a general pair with the junior Senator from Arkansas [Mr. DAVIS]. If he were present, I would vote "nay."

Mr. DILLINGHAM (when his name was called). I have a general pair with the senior Senator from South Carolina [Mr. TILLMAN]. I therefore withhold my vote.

Mr. GUGGENHEIM (when his name was called). I am paired with the Senator from Kentucky [Mr. PAYNTER], and withhold my vote.

Mr. LODGE (when his name was called). I have a general pair with the Senator from Georgia [Mr. CLAY]. If he were present, I should vote "nay" and he would vote "yea."

Mr. ROOT (when his name was called). I withhold my vote on account of my pair with the Senator from Maryland [Mr. RAYNER].

The roll call was concluded.

Mr. CURTIS. I desire to announce my pair with the junior Senator from Maryland [Mr. SMITH].

The result was announced—yeas 33, nays 45, as follows:

YEAS—33.

Bacon	Culberson	Johnston, Ala.	Shively
Bailey	Cummins	La Follette	Simmons
Bankhead	Daniel	McLaurin	Smith, S. C.
Beveridge	Dolliver	Martin	Stone
Bristow	Fletcher	Money	Tallaferro
Brown	Foster	Nelson	Taylor
Burkett	Frazier	Newlands	
Chamberlain	Gore	Overman	
Clapp	Hughes	Owen	

NAYS—45.

Aldrich	Crane	Heyburn	Piles
Borah	Crawford	Johnson, N. Dak.	Scott
Bourne	Dewey	Jones	Smith, Mich.
Bradley	Dick	Kean	Smoot
Brandegee	Dixon	Lorimer	Stephenson
Briggs	du Pont	McCumber	Sutherland
Bulkeley	Elkins	McEnery	Warner
Burnham	Fliat	Nixon	Warren
Burrows	Frye	Oliver	Wetmore
Burton	Gallinger	Page	
Carter	Gamble	Penrose	
Clark, Wyo.	Hale	Perkins	

NOT VOTING—14.

Clarke, Ark.	Davis	Paynter	Smith, Md.
Clay	Dillingham	Rayner	Tillman
Cullom	Guggenheim	Richardson	
Curtis	Lodge	Root	

So Mr. LA FOLLETTE's amendments were rejected.

Mr. CUMMINS. I offer an amendment to the first section of the bill.

The VICE-PRESIDENT. The Secretary will read the amendment.

Mr. CUMMINS. With the consent of the Senate, after the Secretary has read the first paragraph I will state the substance of the remaining part of the amendment, for I think I can do it in much less time than it will require the Secretary to read it.

The VICE-PRESIDENT. Without objection, that proceeding will be followed. The Chair hears no objection.

Mr. CUMMINS's amendment was to add at the end of section 1 the following:

Provided, That if, with respect to any article or commodity upon which an import duty is laid under the provisions of this act, substantial, effective, and actual competition as to extent of production, price for sale, or manner of distribution has ceased, or shall in the future cease, to exist among domestic producers or sellers, or both, generally throughout the United States, or if the buyers, users, or consumers of any such article or commodity are now or shall hereafter be deprived, and without regard to the cause or causes of such deprivation, generally throughout the United States, of the benefits and advantages of substantial, effective, and actual competition with respect thereto, then and so long as such conditions, or either of them, shall exist all imports of such articles or commodities shall be admitted free of duty into all the ports of the United States.

The existence of such conditions or either of them shall be determined as follows, to wit: Any citizen of the United States may bring a suit in equity for injunction in the circuit court of the United States against the collector of customs of any port of entry in the district in which the port is situated. The bill in any such suit shall contain the requisite allegations showing the existence of such conditions, or one of them, and shall pray for an injunction to restrain the collector from levying or collecting a duty or duties upon such article or commodity. The procedure in any such suit shall be as now established for ordinary suits in equity. Immediately after the service of the subpoena the defending collector shall publish for three successive days a notice of the bringing of the suit, stating in general terms the allegations of the bill, and setting forth the day upon which the defendant is required to appear, in at least five daily newspapers published in the United States of general circulation, no two of which are published in the same State, and the cost of such publication shall be allowed to the collector as a part of his expenses. Upon the day on which the defendant is required to appear, or at such later date as the court may fix, any person, copartnership, association, or corporation interested in the manufacture or sale of such article or commodity may appear and be made a defendant to said suit with all the rights, privileges, and obligations of a party thereto. If no such person, copartnership, association, or corporation shall appear, the United States district attorney for the district may, if he is so advised by the Attorney-General, appear for the collector and make such defense as the case may warrant. If upon the final hearing of any such suit an injunction shall issue, the clerk of the circuit court shall at once certify a copy of the decree to the Secretary of the Treasury, and then and thereafter all imports of such articles or commodities from all foreign countries shall be admitted free of duty into all the ports of entry in the United States.

Provided further, That if the President of the United States shall at any time be of the opinion that such conditions, or either of them, exist, it shall be his duty to direct the Attorney-General to give notice to the person or persons, copartnership or copartnerships, association or associations, corporation or corporations responsible therefor that at the end of thirty days from and after the service of such notice the said article or articles, commodity or commodities will be admitted free of duty in all the ports of the United States unless a bill in equity is

brought in the circuit court of the United States against a collector by such persons, copartnerships, associations, or corporations, or some or one of them, to restrain such free admission of imports. If there is a collector in the district of the residence of any such person, copartnership, association, or corporation, or in the district of the residence of one of them, the suit shall be brought in that district, otherwise in the district in which any collector has his principal office. If no such suit is brought within the thirty days hereinbefore specified, the President of the United States shall, by proclamation, suspend the duties imposed by this act upon any such article or articles, commodity or commodities, and they shall thereafter be admitted free of duty. If, however, a suit is brought as hereinbefore last provided, the bill shall show by its allegations that no such condition or conditions exist, and shall pray an injunction to restrain the collector from admitting such imports free of duty. The Attorney-General, or by his direction the United States district attorney for the district in which the suit is brought, shall appear for the collector and defend the suit, and the procedure shall be as now established for ordinary suits in equity. If upon final hearing the court shall refuse to issue the injunction and shall find in its decree that such conditions, or either of them, exist, the clerk of the court shall immediately certify the decree to the Secretary of the Treasury, and then and thereafter such article or articles, commodity or commodities shall be admitted from all foreign countries into the ports of the United States free of duty.

Provided further, That if, following a decree in either of the cases hereinbefore mentioned, any article or articles, commodity or commodities are admitted free of duty, then after the period of one year of such free admission of any such article or articles, commodity or commodities, any citizen of the United States may file a supplemental bill in any such suit, showing that after the entry of the decree the condition or conditions found by the decree had disappeared, and that substantial, effective, and actual competition existed; whereupon such notice as the court may direct shall be given to the parties to said suit, and the supplemental bill with the issues made therein shall proceed to final hearing, the Attorney-General or, by his direction, the district attorney, appearing for the collector. No testimony shall be introduced upon any such supplemental bill to impeach the original decree, but all testimony shall be confined to a change in conditions occurring after the original decree was entered. If upon any such supplemental bill the court shall enter a decree finding that the conditions found to exist by the original decree had changed, and that substantial, effective, and actual competition existed, the clerk of the court shall at once certify the decree upon the supplemental bill to the Secretary of the Treasury, and then and thereafter, and until affected by a subsequent proceeding taken in accordance with the provisions hereof, the import duties specified in this act shall be levied and collected upon such imports.

Mr. CUMMINS. Mr. President, the remaining part of the amendment provides a method for ascertaining the fact of competition or no competition, and the method provided is by a trial in our courts according to the well-established methods of judicial procedure.

The fact is to be determined in a suit brought either by any citizen of the United States or by the Government of the United States. I need not pursue the details of this arrangement, because the effect will be readily understood by all who are here. It will suffice to say that no article will be admitted to the free list under the terms of this amendment until by full impartial judicial hearing it shall have been determined that competition with respect to the sale of that article has ceased in the United States.

Mr. President, the duties imposed in the bill upon which we are about to vote are generally too high. I regret that they so far exceed the test established by the party to which I belong that it will become impossible for me to give them my approval by my vote. However, this would be of little concern were complete substantial effective competition still a factor in American business.

I believe in protection, and I stand for it here and everywhere, but there is one economic principle, one governmental principle that I put high above the doctrine of protection. It is the principle, the factor of competition. I want competition in the business of the United States. I want it among our own producers if that be possible, but I want it through the world if that be necessary. The right of the consumer of any article or any commodity to competition is dearer and higher and more sacred than the right of the producer to protection, and therefore I have provided this plan, this simple, this just way to ascertain whether or ascertain when the tendency which we all perceive in modern industrial methods has carried us to the point of the extinguishment of all competition. When we reach that moment then I say invite the competition of the whole world rather than suffer the monopoly of our own country. It is upon this principle that my amendment is founded. It records my views with respect to the present economic and industrial condition.

I do not intend to consume a single further moment of the Senate in discussing it. I have no desire either to require Senators here to record themselves upon this principle. I am satisfied with making my own record upon it, and therefore I do not ask for a roll call in order to prolong the session of the evening.

The VICE-PRESIDENT. The question is on agreeing to the amendment submitted by the Senator from Iowa [Mr. CUMMINS].

The amendment was rejected.

The VICE-PRESIDENT. If there be no further amendment, without objection—

Mr. GORE. Mr. President, I want to offer an amendment, which will not take long. At the end of the free list, I move to insert the paragraph:

Barbed wire used for fencing.

The VICE-PRESIDENT. The Secretary will state the amendment proposed by the Senator from Oklahoma [Mr. GORE].

The SECRETARY. It is proposed to add a new paragraph to the free list, as follows:

Barbed wire used for fencing.

The VICE-PRESIDENT. The question is on the amendment proposed by the Senator from Oklahoma.

The amendment was rejected.

Mr. GORE. Mr. President, I offer a further amendment, to insert as an additional paragraph to the free list the words:

Spool thread, manufactured of cotton.

The VICE-PRESIDENT. The amendment proposed by the Senator from Oklahoma will be stated.

The SECRETARY. It is proposed to add at the end of the free list, as a new paragraph, the following:

Spool thread, manufactured of cotton.

The VICE-PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Oklahoma.

The amendment was rejected.

Mr. GORE. I wish to offer only one other amendment, Mr. President, and that is to insert in the free list the words:

Picks, safety lamps, blasting caps, and blasting powder used in mining.

The VICE-PRESIDENT. The question is on the amendment proposed by the Senator from Oklahoma.

The amendment was rejected.

The amendments were ordered to be engrossed, and the bill to be read a third time.

Mr. BULKELEY. Mr. President, I can not permit this bill to come to a vote without taking a moment of the time of the Senate for the purpose of putting myself in a proper position with my constituency in explaining the vote I shall cast when my name is called on its passage.

There are features of this bill which are exceedingly objectionable to the people of the Commonwealth of Connecticut; and I have had them expressed to me to-day, not in telegrams, that can be handed around and transmitted so easily, but in letters, that have reached me from the leading industrial interests of my State, who have condemned in the severest terms some of the measures that are contained in this bill. Under ordinary circumstances I should feel bound to respect the wishes of my constituents in that regard.

I should have very much preferred to have seen incorporated in the bill, outside of the ordinary customs service, if the Government is in any need of further revenue, one of the early recommendations of our President, which was adopted in the other House and which would have been preferable, I think, to my constituents—a stamp tax or something of that character, or almost any method of taxation which would seem to be just and equitable and to spread equitably amongst the people of this country the burdens of government, rather than to select an individual class, as this bill now appears to do, to bear an undue share of the burdens which, to my mind, should fall upon the whole people.

Mr. President, having confidence that when this bill comes back again to this body we shall hardly recognize the features of taxation that are now contained in it, if I can judge correctly the sentiments that have been expressed here by members of the Finance Committee, I shall, when my name is called, cast my vote for the passage of the bill, with this explanation, not to the Senate, but to my constituents.

The VICE-PRESIDENT. Without objection, the bill will be read the third time.

The bill was read the third time.

The VICE-PRESIDENT. The question is, Shall the bill pass?

Mr. BEVERIDGE. Mr. President, after three months of earnest work by all, even at this late hour perhaps the Senate will not begrudge a minute for a statement of the views of some of us.

Any promise, Mr. President, is a serious thing, and never should be made except to be kept; but a promise to a people is sacred. It has been the pride and the glory of the Republican party that it keeps its promise; and its promise always has been the people's settled and mature demand.

The people's demand and the party's pledge as to the tariff was for such a revision, according to protective principles, as would meet changed industrial conditions and the requirements of justice. That pledge was voiced by our party's candidate

and leader, in the party's name, in the phrase since famous of "revision downward," which became the Republican tariff battle cry of the campaign. That promise, Mr. President, and the people's absolute faith that it would be kept, was one of the three principal reasons why the people made our candidate their President and gave our party greater powers in government. To keep that pledge has been the effort of those Republican Senators who have battled against increasing rates when unnecessary and for such reductions as the facts demanded.

Mr. President, the millions who ask such a reduction are protectionists; the great man who promised it is a protectionist; Republican Senators who have been fighting for it are protectionists. I want to preserve that historic American system so dear to our hearts; and we know that history tells us that the only danger to such a system is that it shall be made unjust. We know that history declares that the way to preserve a policy is to keep it just, and the way to preserve a party is to keep its faith.

Mr. President, when a protective-tariff rate is beyond the requirements of honest protection, it presents a moral instead of an economic question. The only peril to the protective-tariff system is that subtle but deadly peril of excess. To prevent that peril has been the thing for which Republican Senators have fought these three months past, and as we have fought we shall vote to-night.

Mr. President, there are five stages in the making of a law such as this under our form of government. The first is its passage by the House; the second, its amendment by the Senate; the third, its adjustment in conference; the fourth, the adoption by both Houses of Congress of the conference report; and fifth, and finally, its approval by the President. What we are about to do is to finish the second stage of this process in the making of an American tariff law; and so, under the circumstances, our votes will mean what we think the conferees should do in their great council chamber.

Mr. President, our votes shall be cast in harmony with our party's pledge as voiced by our party's leader—the Nation's President. Our votes will be that a great group of Republican States demand of the conferees of the Senate and the House that they shall generally stand by their respective reductions, and report a bill for which all Republicans and protectionists can vote, the President can sign, and the people will receive with approval and acclaim. The reductions made by the House were made by protectionists; the reductions made by the Senate were made by protectionists; and so those reductions, except where made on insufficient evidence, certainly are protective.

Mr. President, in his inspired speech, and his last, that greatest protectionist in American history voiced the march of events and the meaning of the times in his historic and prophetic words. His great successor, Theodore Roosevelt, declared that our laws must keep step with the Nation's advancing thought. That splendid man, whom the American people have chosen to be their Chief Magistrate, and whom they so deeply trust and love, has pointed out what our duty is. These mighty Republican leaders are, and will be, historic Republican figures. It is safe to follow them, for they have uttered the people's will and pronounced the true verdict of the people.

Mr. ALDRICH. Mr. President, I have been in the public service long enough to have seen several occasions when individual Members of this body, or individuals outside of the body, have thought that they were wiser than their party associates, and that their views should control the action of the party, notwithstanding the vote of majorities. I have seen men in this Senate change from one side of this aisle to the other. I remember in a party convention when men who had stood high in the party councils left it because they thought at the moment that their views upon public questions were the views of a party and not of individuals. I say to the Senator from Indiana and to his friends that the Republican party is a party of majorities, and the views of the majority in matters of legislation control party policies and control governmental policies.

The Senator from Indiana does not speak for the Republican party. He has no right to call here the name of the President of the United States in support of any of the suggestions he has made. Those of us who are here representing States and voting as a majority in this Chamber, represent the Republican party, and not individual Senators, whatever may be their standing or whatever may have been their service to the party.

Mr. President, the bill which will be voted upon in this Senate in a few moments is a revision, which carries out to its letter every pledge of the Republican party. If Senators shall see fit to vote against it on account of their individual views, that is a matter for them to determine; but I suggest to those Senators that they can not attempt to speak for the party without a protest from the men who represent States here, as I have said

before, that have elected, and can and will elect Republican Presidents, whatever may be the attitude of individuals, either in this body or elsewhere.

Mr. STONE. Mr. President, I feel that I am duly impressed with the solemnity of the occasion. [Laughter.] I have listened with deep interest to the sad and somewhat tearful and pathetic funeral orations which have just been delivered. [Laughter.] It is customary, Mr. President, after the sermon, to sing a song. I commend to my brethren on the other side an old song that I heard when I was a boy, the first verse of which, a little paraphrased, ran something like this:

Hark from the tomb a doleful sound!
My ears attend the cry;
Dear brethren all, come view the ground
Where we shall shortly lie.

[Laughter.]

Mr. CRAWFORD. Mr. President, just a word before the roll is called.

I do not think the chairman of the Finance Committee has any more authority to say to me that I have no right to speak as a Republican, or express my sentiments as a Republican Senator, than I have to say the same thing to him. I recognize his right; and I recognize the right of the majority, as far as legislation is concerned, to say what shall be enacted. But I do not believe we have come to the point where a Member of this body loses his right to express, or loses his standing in his party if he expresses, his judgment and follows his conscience in voting upon a question of such vast moment and importance as that embodied in this bill. I shall not cast my vote here to-night because of what the majority has said shall be the legislation; but I shall cast my vote in accordance with my judgment and my conscience and my sense of duty and obligation to the country at large and to the constituency that sent me here.

A bill came to the Senate from the House of Representatives, in which it originated. That bill fixed rates for every one of the various items. As it was being considered in the Senate, time and again I voted against increases that were recommended by the Finance Committee and voted for by the majority, because I did not believe in those increases, and I do not believe in them now. The bill is not finished. The House passed one bill; the Senate passes what is practically another bill; and the legislation is not ended. The expression of the Senate and the expression of the House must be reconciled and compromised. And here to-night what do we do? We simply vote as to whether or not we approve the differences that have been presented here by the Senate as against the first proposition sent here by the House, and the conferees will have to settle the matter.

I shall vote against the bill to-night, but not because I consider that it is enormously wicked and bad. It has some excellent things in it. I shall vote against it, but not because I think if it goes through just as it has been presented it is going to ruin the country.

I do not for a moment think so. There are many things about it I wish were not there; but I believe if it became a law as it stands now we would enter upon an area of prosperity, and a few months hence we would find that a great many extravagantly stated fears and apprehensions about it were not well founded. But that does not mean that I must vote for it, with many things in it that I do not like, when I believe that protesting against them now will enable them to be improved upon when they come up for consideration in the conference committee. Therefore I shall vote "nay," simply as a protest against many of the increases in the bill with which I am not pleased, so that it will not go to the conference committee with apparently the absolute approval of every Republican Member of the Senate when many of us do not approve of many changes that have been made here.

Does the Senator from Rhode Island say to me that because I propose to exercise my judgment and my conscience in a matter of this kind I am not a good and loyal member of my party? I maintain that it is the duty of every Member of this body to stand here and represent his judgment and his convictions in regard to the bill as it is here in any form for consideration.

Mr. ALDRICH. Mr. President—

The VICE-PRESIDENT. Does the Senator from South Dakota yield to the Senator from Rhode Island?

Mr. CRAWFORD. I do.

Mr. ALDRICH. I was only about to say that the remarks I made were in answer to the suggestion made by the Senator from Indiana to the effect that the Senators who will vote against this bill are the people who represent the President and represent the Republican party. That is the only suggestion I made in reference to the matter.

Mr. CRAWFORD. Very well.

Mr. BEVERIDGE. My words stand for themselves. They do not need any explanation.

Several SENATORS. Question!

The VICE-PRESIDENT. The Senator from South Dakota has the floor.

Mr. CRAWFORD. I do not care to continue this discussion further; but this is an important matter. It is an important matter when one sees fit not to vote with the majority of his party; but I think those of us who do so have a perfect right to state their position, and that that is an appropriate course for them to adopt.

Mr. CLAPP. Mr. President, the hour is late; the Senate is weary, and I do not propose to-night to take any particular amount of time in replying to the suggestions of the Senator from Rhode Island.

When the bill comes back from conference, I have no doubt there will be abundant warrant as well as opportunity for a review of the situation. The Senator from Rhode Island says the Senator from Indiana has no right to refer to the President in this discussion. For the last three or four days it has been bruited around here and drummed into our ears that we must do this and that in the name and at the behest of the President.

And the Senator from Indiana was well warranted in referring to the fact that we had sought, during these last few months, to follow the pledges that were emphasized and crystallized as the party promises in the utterances of the President.

The Senator from Rhode Island has referred to the historic past, wherein men were divided from their party, and in the end found themselves disappointed in popular support. That was upon a mere question of whether we should use one metal or the other for our currency. And notwithstanding their disappointment, I should be satisfied to leave no grander legacy to my family than the fame and the honor of the men who walked out of the St. Louis convention, and the fame and the honor they have earned in the estimation of the American people since that historic event. I do not mean to imply by any means that there is a parallel between this case and that.

In this fight there is a broader and deeper question than the mere question of dollars and cents.

In the history of this country there came a time when the people believed there was a question involving excessive rates of duty that went to the very spirit of our institutions. It may be that a reaction will come. It may be that we who have stood on the skirmish lines will fall in the struggle; but I want to say that there are others to take our places; for this is not a mere question of the basis of a metallic currency, but a question that goes to the very foundation of competition and individuality in the processes of American industrial life.

I rose only to say that at the proper time I shall reply more in detail. I merely wish to say now, that my silence may not be misconstrued, that the criticism of the Senator from Rhode Island neither has stung to silence nor entombed at least one Senator.

Mr. NELSON. Mr. President, the hour is late and I simply wish to say on this occasion that it takes more than the State of Rhode Island and the Senator from Rhode Island to read the State of Minnesota out of the Republican party. [Applause in the galleries.]

The VICE-PRESIDENT. The Chair has once admonished the occupants of the galleries that they are the guests of the Senate, and that the Senate does not permit demonstrations of approval or disapproval.

Mr. NELSON. And when Senators get up and talk in such an arrogant and overbearing manner and attempt to lecture us who have views of our own on the tariff question, I submit it does not come with good grace. I will say to the Senator from Rhode Island that when that little State shall have perished from the face of the earth, the State of Minnesota, with its 5,000,000 people and its 150,000 Republican votes, will be found uppermost in the column of the Republican party, and the Senator from Rhode Island can not read that State out of the party.

The VICE-PRESIDENT. The question is, Shall the bill pass?

Mr. ALDRICH, Mr. NELSON, Mr. STONE, and others demanded the yeas and nays, and they were ordered.

The Secretary proceeded to call the roll.

Mr. BACON (when Mr. CLAY's name was called). My colleague [Mr. CLAY] is necessarily absent. If he were present, he would vote "nay." His pair will be announced by the Senator from Massachusetts [Mr. LODGE].

Mr. CULLOM (when his name was called). I have a general pair with the junior Senator from Arkansas [Mr. DAVIS]. If he were present, I should vote "yea."

Mr. CULBERSON (when the name of Mr. DAVIS was called). The Senator from Arkansas [Mr. DAVIS] is paired with the Senator from Illinois [Mr. CULLOM]. If the Senator from Arkansas were present, he would vote "nay."

Mr. DILLINGHAM (when his name was called). I have a general pair with the senior Senator from South Carolina [Mr. TILLMAN], who is absent. If he were here, I should vote "yea."

Mr. GUGGENHEIM (when his name was called). I again announce my pair with the senior Senator from Kentucky [Mr. PAYNTER], who is absent.

Mr. BAILEY. The senior Senator from Kentucky [Mr. PAYNTER], as I have once to-day announced, is detained by illness at the hospital. His vote would not affect the result, and as I know the Senator from Colorado especially desires to vote on this question, I take the liberty of authorizing him to cast his vote, notwithstanding his pair. If the Senator from Kentucky were present, he would vote "nay."

Mr. GUGGENHEIM. In view of the statement made by the junior Senator from Texas, I will vote. I vote "yea."

Mr. LODGE (when his name was called). I am paired with the Senator from Georgia [Mr. CLAY]. If he were present, I should vote "yea," and he would vote "nay."

Mr. CULBERSON (when Mr. RAYNER's name was called). The Senator from Maryland [Mr. RAYNER] is paired with the Senator from New York [Mr. ROOT]. If the Senator from Maryland were present, he would vote "nay."

Mr. DU PONT (when Mr. RICHARDSON's name was called). My colleague [Mr. RICHARDSON] is paired with the senior Senator from Arkansas [Mr. CLARKE]. If my colleague were present, he would vote "yea."

Mr. ROOT (when his name was called). If the Senator from Maryland [Mr. RAYNER] were present, he would vote "nay," and I should vote "yea." Because of the pair heretofore announced I withhold my vote.

Mr. BAILEY (when the name of Mr. SMITH of Maryland was called). The Senator from Maryland was this afternoon called to the bedside of a sick wife. He is paired with the Senator from Kansas [Mr. CURTIS]. If he were present, he would vote "nay."

Mr. BAILEY (when Mr. TILLMAN's name was called). The Senator from South Carolina [Mr. TILLMAN] is unavoidably absent. If he were here, he would vote "nay."

The roll call was concluded.

Mr. CURTIS (after having voted in the affirmative). I desire to withdraw my vote, as I am paired with the junior Senator from Maryland [Mr. SMITH]. Were he here, he would vote "nay," and I should vote "yea."

Mr. OWEN. I wish to announce that the Senator from Arkansas [Mr. CLARKE] is paired with the Senator from Delaware [Mr. RICHARDSON]. He is unavoidably absent. If present, he would vote "nay."

The result was announced—yeas 45, nays 34, as follows:

YEAS—45.

Aldrich	Crane	Heyburn	Piles
Borah	Depew	Johnson, N. Dak.	Scott
Bourne	Dick	Jones	Smith, Mich.
Bradley	Dixon	Kean	Smoot
Brandegee	du Pont	Lorimer	Stephenson
Briggs	Elkins	McCumber	Sutherland
Bulkeley	Flint	McEnery	Warner
Burnham	Frye	Nixon	Warren
Burrows	Gallinger	Oliver	Wetmore
Burton	Gamble	Page	
Carter	Guggenheim	Penrose	
Clark, Wyo.	Hale	Perkins	

NAYS—34.

Bacon	Crawford	Hughes	Owen
Bailey	Culbertson	Johnston, Ala.	Shively
Bankhead	Cummins	La Follette	Simmons
Beveridge	Daniel	McLaurin	Smith, S. C.
Bristow	Dolliver	Martin	Stone
Brown	Fletcher	Money	Taliaferro
Burkett	Foster	Nelson	Taylor
Chamberlain	Frazier	Newlands	
Clapp	Gore	Overman	

NOT VOTING—13.

Clarke, Ark.	Davis	Rayner	Tillman
Clay	Dillingham	Richardson	
Cullom	Lodge	Root	
Curtis	Paynter	Smith, Md.	

So the bill was passed.

Mr. ALDRICH. I move that the Senate insist upon its amendments to the bill and ask for a conference with the House of Representatives upon the bill and amendments.

Mr. BAILEY. I submit that that question is not in order, because the House has not yet disagreed to the amendments, and we should at least show the House the courtesy of allowing it to express itself before we insist upon our amendments.

Mr. ALDRICH. This has been done very many times. I ask that the motion be put.

The VICE-PRESIDENT. The Chair understands that it has been the custom in the Senate, and the Chair knows it has been

the custom in the House, and in the absence of any rule to the contrary the Chair would hold that the motion is in order.

Mr. BAILEY. I object to that method of procedure, because there may be some particular amendments to the bill that the House might concur in and then it might disagree to the other amendments. I think polite intercourse between the two bodies requires—

Mr. ALDRICH. This motion does not prevent the House from agreeing to all the amendments.

Mr. BAILEY. Then it puts the Senate in the attitude of insisting upon amendments to which the House has not disagreed.

Mr. ALDRICH. This course was followed in 1897. It has been followed on almost every tariff bill that has passed the Senate within my time. I know it has been done in the case of several of them.

Mr. BAILEY. Then it is important that it should be promptly abandoned, because it is not good legislative procedure for this body to assume that the other body will disagree to what we have done. Although I have no doubt they will have the good sense to disagree to most of them, there are at least two or three amendments which I have strong hopes the House may accept at once, and thus eliminate them from controversy between the two Houses.

The VICE-PRESIDENT. For the reasons already stated, the Chair shall hold that the motion is in order. The question is on the motion of the Senator from Rhode Island.

The motion was agreed to.

Mr. BAILEY. It is customary to say that the hour is so late I will not detain the Senate by demanding the yeas and nays on the motion.

Mr. ALDRICH. I ask that the conferees may be appointed by the Chair.

There being no objection, the Vice-President appointed Mr. ALDRICH, Mr. BURROWS, Mr. PENROSE, Mr. HALE, Mr. CULLOM, Mr. DANIEL, Mr. MONEY, and Mr. BAILEY the conferees on the part of the Senate.

Mr. ALDRICH. I ask now that the bill be printed with the amendments made in the Senate numbered.

Mr. BAILEY. If it would be parliamentary, I would like to ask the chairman of the Finance Committee how long it will be before he will have need of the Democratic conferees?

The VICE-PRESIDENT. The Senator from Rhode Island asks unanimous consent that the bill be printed with the amendments numbered. Is there objection to the request? The Chair hears none and the order is made.

Mr. ALDRICH. I move that when the Senate adjourns to-day it be to meet at 12 o'clock to-morrow, and that the regular hour of meeting hereafter shall be 12 o'clock until further ordered.

The motion was agreed to.

Mr. ALDRICH. I move that the Senate adjourn.

Mr. LA FOLLETTE. I rose to inquire whether the transmission of the German report on wages in certain industries has been received at the desk.

The VICE-PRESIDENT. It has not come into the possession of the Chair.

Mr. LA FOLLETTE. I was advised by the State Department that it had been transmitted, and I thought perhaps it had been received.

The VICE-PRESIDENT. It has not been received.

Mr. LA FOLLETTE. I wanted to ask that it be printed.

The VICE-PRESIDENT. It has not been received. The Senator from Rhode Island moves that the Senate adjourn.

The motion was agreed to, and (at 11 o'clock and 16 minutes p. m.) the Senate adjourned until to-morrow, Friday, July 9, 1909, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES.

THURSDAY, July 8, 1909.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

Our Father in heaven, we come to Thee under the shadow of a great cloud, yet unshaken in our faith and confidence in Thy boundless love. Thou knowest how strong are the ties of friendship woven 'twixt the Members of this House, so when one is taken from our midst, though it is to a larger life in one of the "many mansions," our hearts are rent with grief. But we thank Thee, our Father, that we were permitted to know and love FRANCIS W. CUSHMAN, one of nature's noblemen; strong, brilliant, versatile of mind; warm, loving, genial of heart; pure, spotless of character. He gave himself without reserve to his people, his State, his Nation, and leaves behind him an enviable reputation.